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Canada. Coasting Trade, Royal  
Commission on

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Canada. Coasting Trade, Royal  
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(to vol. 17, pp. 5613-5617,  
and 5711-5833)

Canada

Royal Commission on Coasting Trade

17

1956 (p. 5613-5617)









1 and the railways are not as dominant as they  
2 previously were. They now have serious competition  
3 from other forms of transportation, and the Royal  
4 Commission on Transportation has referred to this  
5 at page 83 of that report.

6 In the United States, where conditions are  
7 somewhat similar to those in Canada, similar changes  
8 have taken place. In the United States the situ-  
9 ation is referred to in the Presidential Advisory  
10 Committee Report, which is marked Exhibit 2,  
11 Appendix 14.

12 Now, there has been some suggestion during  
13 the hearings from various quarters that regulation  
14 is only necessary in the transportation industry  
15 where monopoly exists. That, I submit, is not so.  
16 While competition without regulation has been  
17 effective in many trades and businesses, the  
18 history of transportation has shown that competition  
19 alone will not produce the required transportation  
20 services. This was recognized in Canada at an  
21 early stage by Professor S.J. McLean in his  
22 Report on Railway Commissions, etcetera, being  
23 I-2 Edward VII, Sessional Papers No. 20a, 1902.  
24 In this report at pages three to five he pointed  
25 out that transportation problems differ from  
26 trade problems, that in the transportation industry  
27 regulation is necessary to eliminate the evils  
28 of preferences, discriminations, rebates and  
29 the effects of uncontrolled competitive rates.  
30



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1 In other words, even in the era when  
2 railways collectively had a monopoly, there was  
3 keen competition between them for certain traffic  
4 and regulation was found necessary to prevent  
5 destructive competition on the one hand and on  
6 the other hand to protect shippers from undue  
7 discrimination where competition did not exist.

8 This has also been borne out by the history  
9 of rail and water transportation in the United  
10 States. On this I would like to refer to a  
11 report made in 1934 by the Federal Coordinator  
12 of Transportation of the United States on the  
13 regulation of transportation agencies other than  
14 railroads and on proposed changes in railroad  
15 regulation at page 58. This is contained in a  
16 Senate document of the 73rd Congress, second  
17 session, Document No. 152.

18 While monopoly may justify regulation,  
19 nevertheless as I have indicated the history of  
20 transportation in Canada, the United States and  
21 many other countries shows that there are other  
22 factors which have formed the basis of and  
23 justified regulation, these being unrestrained  
24 cut-throat and destructive competition, preferences,  
25 discrimination, rebates and the evil effects of  
26 uncontrolled competitive rates.

27 Now, Mr. Stone, who gave evidence before  
28 this Commission, who has had I think the record  
29 shows, great experience in transportation matters,  
30









1 testified during his evidence which commences at  
2 page 4023 that he considers that even under  
3 present competitive conditions there is still  
4 need for regulation of the transportation industry.  
5 His views on how far regulations should go are  
6 given on pages 4035-4036.

7 The bases for regulation of transportation  
8 agencies in Canada today are the desirability in  
9 the public interest of ensuring a regular and de-  
10 pendable transportation service available equally  
11 to all at reasonable rates without preference  
12 or discrimination. This is the common carrier  
13 service referred to by Stone at page 4028.

14 Quite apart from the effectiveness or other-  
15 wise of competition within the coasting trade  
16 section of the water transportation industry, the  
17 railway company's submission is that if the country's  
18 economy requires a common carrier service, all  
19 carriers competing for available traffic must be  
20 permitted to do so on equal terms. Where you  
21 have one carrier agency with common carrier  
22 responsibilities competing for the same traffic  
23 with a carrier free of such responsibilities, the  
24 competition for that traffic is unequal and unfair,  
25 and the usefulness and productive strength of  
26 the common carrier is cut down and impaired.

27 That is supported by the evidence of Mr.  
28 Stone at page 4031 and the evidence of Mr. Edsforth  
29 at page 3989.  
30









1                   What the railway company is seeking is  
2                   equality of treatment in regulation and advocating  
3                   that this be accomplished through relaxation where  
4                   regulation is unduly restrictive and by the  
5                   application of a minimum degree of regulation  
6                   where such does not now exist.

7                   Without equality, dangerous inroads are made  
8                   upon the carrier which must respond to the respon-  
9                   sibilities placed upon it by regulation, by those  
10                  unregulated carriers which are more or less free  
11                  to go where they want and pick and choose the good  
12                  traffic on a negotiated basis. The regulated  
13                  carrier must take the lean with the fat. The un-  
14                  regulated carrier is free to take all the fat and  
15                  has no responsibility to take the lean.

16                  The physical conditions, operating practices  
17                  and different agencies of transportation in the  
18                  United States are similar to those in Canada, and  
19                  it is therefore submitted that their experience  
20                  can be of material assistance to anyone studying  
21                  any phases of the transportation problems of  
22                  Canada. In this connection I would like to refer  
23                  to a book on National Transportation Policy by  
24                  Charles L. Dearing and Wilfred Owen published  
25                  by the Brookings Institution in 1949. I might  
26                  particularly refer the Commission to Chapter  
27                  131 which is headed "Objections to Transport  
28                  Control".  
29  
30









1 I will not take the time to do more than  
2 refer the Commission to that.

3 I would also like to refer again to the  
4 report of the Presidential Advisory Committee,  
5 which is the latest and the broadest practical study  
6 of all transportation problems that has been made  
7 on this continent in the post-war era. The scope  
8 of the report is set out in Mr. Sinclair Weeks'  
9 letter of transmittal to the President, Appendix  
10 12.

11 First I may say that the Chairman of the  
12 committee which prepared this report was Sinclair  
13 Weeks, the Secretary of Commerce and he was  
14 assisted in the preparation of the work by an out-  
15 standing group of individuals, as stated in the  
16 front of the report, and they had a long and close  
17 understanding of the nation's transportation  
18 problems.

19 I think this report, in view of its nature  
20 and the people who collaborated in the preparation  
21 of it is deserving of consideration by anyone  
22 studying transportation problems.

23 COMMISSIONER WICKWIRE: It is considerably  
24 shorter than the other one you just referred us  
25 to.

26 MR. WRIGHT: Yes, I think you could read  
27 this one a little faster than the other one.

28 COMMISSIONER WICKWIRE: It should be  
29 commended for that reason.  
30





ROYAL COMMISSION ON COASTING TRADE

Re Canadian Shipbuilding and  
Ship Repairing Association.

(Re-submission of) pages <sup>5711</sup>~~5714~~ (replaced pages)  
to 5833 inclusive of the  
presentation of the above  
at Ottawa, January 4, 1956.

Transcript revised and edited  
by Professor Gilbert Jackson.



Supreme Court Reporters  
145 Yonge St.  
Toronto







1 you recall that our exports are over one-fifth of  
2 our income.

3 As the Rt. Hon. C.D. Howe said in his  
4 address on May 25th, 1955, to the Canadian Manu-  
5 facturers Association, entitled "Canada Trades  
6 With the World: No other country has as much to  
7 gain as this country from increased international  
8 trade". Thank you.

9 THE CHAIRMAN: Canadian Shipbuilding and  
10 Ship Repairing Association; Professor Jackson?  
11

---

12  
13  
14 ARGUMENT ON BEHALF OF THE CANADIAN  
15 SHIPBUILDING AND SHIP REPAIRING ASSOCIATION

16 ---Professor Gilbert Jackson, appearing.  
17

18 PROF. JACKSON: Mr. Chairman and gentlemen,  
19 the Commission have been listening for six months  
20 with exemplary patience and courtesy to scores  
21 of counsel and witnesses from St. John's, New-  
22 foundland to Victoria most of whom took a some-  
23 what dim view of the gentlemen on behalf of  
24 whom I have the privilege of speaking this  
25 morning. You have listened with the same patience  
26 and courtesy to several days of argument by  
27 some of the same people and to some forthright  
28 statements that we represent a narrow, selfish,  
29 sectional interest. I fear I may become tedious  
30







1 and bore the Commission merely because I have  
2 an enormous amount of ground to cover in order  
3 to meet the more important of these criticisms  
4 and arguments. In the nature of things I cannot  
5 possibly hope to meet all of them, but I am going  
6 to begin by craving your indulgence against the  
7 time when I do seem somewhat tedious.

8 I remind the members of the Commission that  
9 the coasting trade is already reserved in terms  
10 of Part 13 of the Canada Shipping Act, 1934,  
11 and the British Commonwealth Merchant Shipping  
12 Agreement of 1931, and that the question on which  
13 I now speak is whether this reservation should  
14 be maintained as is, whether it should be relaxed  
15 as some folk think who have come before the  
16 Commission, or whether it should be made stricter.  
17 In the first paragraph of our own brief, which is  
18 number B-82, we said:

19 "We shall urge the members of the  
20 "Commission to recommend in their report:

21 "(1) that from henceforth the

22 "coasting trade of Canada shall be

23 "reserved to ships registered in

24 "Canada;

25 "(II) that from January 1st, 1957

26 "(or some other convenient date in

27 "the near future), replacements of,

28 "and additions to Canada's coasting  
29  
30







1 "fleet shall be built without exception  
2 "in Canadian shipyards.

3 "We believe that these are the minimal  
4 "provisions by means of which our shipyards  
5 "can be kept alive and efficient."

6 There is, of course, no desire on our part  
7 to restrict anybody's opportunities in foreign  
8 trade.

9 Now sir, there is a good deal of fact which  
10 is beyond controversy which is agreed on all sides  
11 by those who have appeared before the Commission,  
12 and yet some of these facts are very frequently  
13 forgotten in the heat of argument about some  
14 particular question, and I am going, if I may,  
15 to repeat a few of these very simple facts which  
16 seem to me to be the background of all discussion  
17 on this issue. What I am saying now is very,  
18 very simple; these are truisms, almost.

19 First, I should like to remind the Commission  
20 that there is a very rapid growth in prospect  
21 for the Canadian economy and that unless we make  
22 some fatal mistake or run into some unforeseeable  
23 disaster the benefits of this very rapid growth  
24 are going to be diffused very widely throughout  
25 Canada. May I refer you, sir, to Table XII of  
26 the Shipbuilders' brief which brings together  
27 the statistics of vessels entered at Canadian  
28 ports in foreign service and coasting service  
29 and the statistics of the physical volume of  
30







1 the gross national product, and it is to the latter  
2 I want to refer at the moment. One afternoon I  
3 took these statistics of physical volume of gross  
4 national product and compared the very prosperous  
5 period from 1926 to 1929 inclusive with the very  
6 prosperous period from 1950 to 1953 inclusive  
7 with a view to finding what has been in the recent  
8 past the rate of growth in Canadian economy.

9 A convenient measure is to think in terms of the  
10 length of the doubling period, the period within  
11 which the Canadian economy has doubled the physical  
12 volume of its output and consumption, and I found  
13 that the doubling period in the past generation,  
14 or very slightly more than 20 years, the economy  
15 had been growing at the rate of 3.4 per cent per  
16 annum on an average, and these are figures which  
17 I take for granted that the distinguished economist  
18 of the Commission, Mr. Kemp, will himself check.

19 I took another comparison, the prosperous period  
20 from 1946 to 1949 when we were beginning to settle  
21 down after the war and the period from 1950 to  
22 1953, and I found a rate of growth in those years --  
23 and here I am talking about physical volume and  
24 not in terms of dollars of shrinking value -- I  
25 found a doubling period in the physical volume of  
26 our output and consumption at the rate of, once  
27 in slightly less than 15 years, a rate of increase  
28 of very little less than 5 per cent per annum.  
29 I took the population figures for the respective  
30 periods, not deducting the figures for Newfoundland







1 from 1949 onwards, and in terms of dollars of  
2 constant value I found an average income per head  
3 which has grown from \$517 in the late twenties,  
4 in the period of prosperity, to \$731 in the  
5 first four-year period after the war, to \$790 in  
6 the second. That, .sir, is a figure, so far as I  
7 know, not matched over any comparable period of  
8 time in the growth of any country as large as  
9 Canada. Nobody can prophesy that this rate of  
10 growth will continue for another generation or  
11 for the remainder of the century. These figures  
12 give evidence of actually since the war the rate  
13 of growth has been increased and has not merely  
14 stood constant. I merely mention these figures  
15 to rub in the fact that by comparison with any  
16 country which might be put alongside us we seem  
17 to face a period in which our economy will grow  
18 rapidly.  
19  
20  
21

22 (Page 5720 follows)  
23  
24  
25  
26  
27  
28  
29  
30







Take B

PWM

Jan.10/56

1 The volume of our business will grow rapidly  
2 and prosperity should be very widely diffused.  
3 Now, the deepening of the St. Lawrence canals,  
4 it will facilitate this expansion and perhaps  
5 hasten the expansion. Two facilities which have  
6 been mentioned by those before this Commission  
7 and, notably by Mr. Gerity yesterday, in the  
8 case of the first, the first is that shipping  
9 freight rates on the Great Lakes are certain to  
10 be reduced as a result of the deepening of the  
11 canal. We do not know by how much till the  
12 toll charges are settled, but there is no doubt  
13 that shipping freight rates on the Great Lakes  
14 are going to be less than they have been before,  
15 irrespective of what recommendations this  
16 Commission may make, and irrespective of what  
17 decisions the Government may come to thereafter.

18 I call attention to this also, as a result  
19 of the deepening of the canals and the much  
20 enlarged opportunities in foreign trade in the  
21 Great Lakes area which will result therefrom,  
22 Britain's dollar earnings will certainly be made  
23 larger, dollar earnings from the carriage of  
24 goods in this part of the world will certainly  
25 be made larger as a result of the deepening of  
26 the St. Lawrence canals. Irrespective of whether  
27 the requests which we make to the Commission  
28 are going to be implemented or not. Here I  
29 am happy to find myself in agreement with Dr.  
30 Hope, some of whose opinions I do not share.





1 You will remember when the Commission was sitting  
2 in Toronto Dr. Hope agreed forthrightly, under a  
3 certain amount of questioning, I must confess ,  
4 but he agreed forthrightly with the conclusion  
5 that the result of the deepening of the canals  
6 will give Britain better and not poorer oppor-  
7 tunity of earning dollars.

8 I go on to say that much of what has been  
9 said before the Commission of the cost of reser-  
10 ving the coasting trade, if the coasting trade  
11 is going to be reserved, is a will-o'-the-wisp.  
12 We are talking about something, a service which  
13 will certainly be cheapened so far as the Great  
14 Lakes are concerned. The question may be put  
15 how much is it going to be cheapened? Now,  
16 these simple truths, I think serve as a background  
17 for what anyone may say on the subject. I  
18 shall have something to say later about shipping  
19 freight rates in the salt water coasting trade.  
20 Let me, Mr. Chairman, in the course of these  
21 observations, let me say one more thing, if I  
22 may, every decision of policy destroys some oppor-  
23 tunities and some jobs, at the same time it  
24 creates other opportunities and other jobs. The  
25 Commission will make its findings which will be  
26 studied by the Government and carried out in  
27 full or in part, and as a result of the findings  
28 which you gentlemen are going to make, if these  
29 findings are carried out you are going to des-  
30 troy certain opportunities for employment as







1 well as create other opportunities for employment.  
2 It is impossible for you to make findings as  
3 a result of which those who are not benefited  
4 can at least be sure they will not be harmed.  
5 I was in a bank on Water Street in St. John's  
6 not very long after Confederation, where I met  
7 a man who had been a customer of the bank who  
8 did not look very happy. I said something vague  
9 but sympathetic to him and he turned to me and  
10 said, "Before Confederation I had a sure income  
11 of \$15,000 a year, now, so far as I can tell,  
12 I have no income at all". The people of New-  
13 foundland, with great searchings of heart,  
14 strong feelings on both sides of the question,  
15 decided to come into Confederation. None  
16 of us in this room doubts for a moment that the  
17 decision was a beneficial one for Newfoundland.  
18 We have put evidence before the Commission  
19 which makes it plain that Newfoundland and its  
20 population as a whole have benefited greatly  
21 since that coming into Confederation, but it  
22 cannot be denied that the decision to come into  
23 Confederation gravely damaged certain individual  
24 interests. Any decision which affects the  
25 course of trade is bound to do so, and the Com-  
26 mission is faced with the question of deciding  
27 what is going to be for the greatest good of  
28 the greatest number, with the inescapable know-  
29 ledge that any recommendation it makes, some  
30 individual's interest is bound to be prejudiced.







1 It is perhaps the knowledge of that that has  
2 led various sectional groups to appear before  
3 this Commission with their tender feelings for  
4 their own interests, and to suggest that whatever  
5 broad decisions of policy may be made, an excep-  
6 tion be made, too, in favour of the people they  
7 may represent if they could be harmed. I  
8 quote only from the decisions of the last few  
9 days, Mr. Teed, who virtually told the Commission,  
10 "Reserve the coastal trade in the Great Lakes,  
11 if you please, but not in our part of the world",  
12 and my friend Mr. Rees, from Newfoundland, who  
13 virtually said that it is no concern of New-  
14 foundland what is done to reserve the coasting  
15 trade in the Great Lakes.

16 Now, Mr. Chairman, we form a very small  
17 element in a community, but we believe we stand  
18 for a national need. In the course of your  
19 wanderings you have doubtless heard evidence in  
20 some small towns where the shipyard is the basis  
21 of the life of the town, where the manager has  
22 invested his life in the town and in the ship-  
23 yard and where he has spoken somewhat wistfully  
24 of the damage to the town which might be  
25 done if, as a result of some decision by the  
26 Government of Canada, this shipyard is closed  
27 down in permanence. I think we may claim, so  
28 far as sessions of the Commission are concerned  
29 which have been held in the big cities, this  
30 problem has been left out in full. We have not





1 once pleaded our own self-interest, we have said  
2 we stand for a national need, we believe that  
3 whatever is done should be done not only for  
4 Canada, but to Canada as a whole. So far as we  
5 are concerned, we do not request or countenance  
6 any local discrimination at all. I will say  
7 one thing in regard to sectional interest, however,  
8 which does affect the Canadian shipbuilders; I  
9 will ask you to consider this, suppose the Com-  
10 mission recommends restriction of the coasting  
11 trade, and suppose it were at the same time to  
12 suggest to the Government that an exception be  
13 made in the case of a certain section of Canada  
14 in which there are shipyards, let us say for the  
15 sake of illustration, that it recommends the  
16 restriction of coasting trade, but it says it  
17 thinks the exception can be made in the case of  
18 British Columbia where the restrictions should  
19 not apply. Today, though, the British Columbian  
20 shipyards are in the highest wage area in  
21 Canada, and in order to keep going are obliged  
22 to pay the current rate of wages in their Pro-  
23 vince. They do keep their end up against all  
24 the competition encountered by them both by  
25 Canadian yards elsewhere in districts where  
26 wages are not so high and, so far, in respect of  
27 the competition from abroad which they have  
28 had to meet. But, let me ask you, Mr. Chairman,  
29 what would happen if the coasting trade in  
30 the Great Lakes and St. Lawrence were to be







1 reserved so that the shipyards in the Great Lakes  
2 and the St. Lawrence were assured and given a  
3 substantial volume of business thereafter, as  
4 a result of which they could develop the maximum  
5 efficiency of which they are capable, and at the  
6 same the British Columbian shipyards were left  
7 to pick up business as best they could, but a  
8 coast-wide coasting trade would not be restricted?  
9 I hope I do not need to elaborate the point  
10 with the Commission that if a recommendation of  
11 that kind be made, making an exception in the  
12 case of a coast in which there are shipbuilding  
13 yards today, going concerns, it would doom those  
14 yards to extinction.

15 Now, Mr. Chairman, I have quoted what we  
16 asked for in the first few paragraphs of our  
17 brief, I have listened to a great deal of argument  
18 to the effect that if the Commission does what  
19 we should like the Commission to do freight  
20 rates will be raised in the coasting trade of  
21 Canada. I should like now to recall to you  
22 testimony which was given before this Commission  
23 months ago and, having recalled this to you,  
24 to suggest to you that if the Commission does  
25 what we requested it should do, what we request  
26 will not raise anybody's freight charges in  
27 the present or, if ever, it will not raise the  
28 freight charges in the coasting trade of Canada  
29 for a long time to come. Here I should like  
30 to quote from the testimony given by Mr. Husband







1 in Victoria, B.C., and I am referring to Volume  
2 6 of the transcript and to page 1973. Perhaps  
3 I may be allowed to read it? Mr. Husband said,  
4 among other things:

5 "Opponents of restriction of the  
6 "coastal trade have based their objections  
7 "almost entirely on the premise that  
8 "such a restriction will be followed immed-  
9 "iately by a drastic upward revision of  
10 "freight rates. This premise is possibly  
11 "based on a misunderstanding. The res-  
12 "triction that we are seeking would be on  
13 "ships entering the coasting trade after  
14 "a given date, say, maybe, January 1st,  
15 "1957. It does not mean that as at that  
16 "date all ships not built and registered  
17 "in Canada would be driven from Canadian  
18 "waters. We would expect that all Canadian-  
19 "owned United Kingdom-registered vessels  
20 "now in service would be allowed to con-  
21 "tinue to ply our coastal waters. As  
22 "the restriction began to take effect,  
23 "obsolete tonnage would be replaced by  
24 "Canadian-built tonnage, but this replace-  
25 "ment would be a gradual process ex-  
26 "tending over 5, 10, 20 or 30 years. In  
27 "an expanding economy such as that in  
28 "British Columbia at the present time,  
29 "such a replacement programme might be  
30 "effected over a long-range period with





1 "no substantial increase in freight charges".

2 Now, Mr. Chairman, basically, the threat  
3 to the shipbuilding industry, if the coasting  
4 trade is not restricted, comes out of the fact  
5 that labour costs in Britain and elsewhere, but  
6 in Britain particularly, are so very much lower  
7 than they are in Canada. Here I should like to  
8 direct your attention again to the Shipbuilders'  
9 brief, B-82, and to Table 11, which is a compari-  
10 son of the average rates of wage paid in ship-  
11 building industries in Canada and the United  
12 Kingdom. I shall not bother you with the details  
13 of the figures which the Commission has already  
14 read, I will merely read one sentence at the  
15 conclusion of the Table, which says:

16 "Thus average weekly earnings of  
17 "172/6½d. in England were the equivalent  
18 "of \$23.87 Canadian. Consequently in  
19 "1953 the corresponding Canadian figure  
20 "of \$62.53 was 162% higher than the  
21 "English figure."

22 THE CHAIRMAN: May I interrupt you and  
23 turn you back to your statement just completed,  
24 that you did not expect any present increase  
25 in freight rates in the coasting trade if what  
26 you request is granted; have I quoted your  
27 statement?

28 PROF. JACKSON: That substantially  
29 says what I mean.

30 THE CHAIRMAN: The first request is:







1 "That from henceforth the coasting trade  
2 "of Canada shall be reserved to ships regis-  
3 "tered in Canada."

4 That would imply all ships carrying coal from  
5 Sydney to Montreal would have to be registered  
6 in Canada, would it not?

7 PROF. JACKSON: There was one thing which  
8 I was going to add later because it seems to me  
9 it comes in most appropriately in Newfoundland,  
10 but I think I will bring it in now because it  
11 belongs to the question you have just asked. We  
12 listened with immense interest and immense respect  
13 to the presentation of the Furness Lines in  
14 this room two or three days ago, and apart from  
15 this evidence, this declaration by Mr. Husband  
16 which I note and which was given a long time  
17 ago, I am instructed to say one more thing here,  
18 which is that the Shipbuilders and Ship Repairing  
19 Association is happy or would be happy to see  
20 such an arrangement made as would leave U.K.  
21 ships at present engaged in the Canadian coast-  
22 ing trade with a right to remain in Canada's  
23 coasting trade on British registry for the re-  
24 mainder of their natural life, and only be re-  
25 placed, as those ships are replaced, by vessels  
26 built and registered in accordance with our  
27 request.

28 THE CHAIRMAN: That is a very consider-  
29 able concession, but it still does not cover  
30 the question because you refer to Furness





1 Withy, I was not referring to them at all, I  
2 was referring to the various ships that are char-  
3 tered by the Dominion Steel and Coal to carry  
4 coal from Sydney to Montreal and which are not  
5 liner ships at all and which are not the same  
6 ships which did it last year or will do it next  
7 year, and upon those charter rates depend because  
8 of carrying coal to the Montreal market and some  
9 of them also come up to this city. Now, is it  
10 not apparently inevitable that if there is any  
11 restriction of the registry of ships which carry  
12 that trade, there must be an increase in cost?

13 PROF. JACKSON: The question is a little  
14 bit larger, sir, than a yes or no answer will  
15 cover.

16 THE CHAIRMAN: You gave me a flat "no"  
17 a moment ago, that is what I am referring to.

18 PROF. JACKSON: No, your question as to  
19 whether this would necessarily raise the cost  
20 of coal ---

21 THE CHAIRMAN: No, you raise your freight  
22 rates. Will not the freight have to increase  
23 for the carriage of that coal if it is carried  
24 by Canadian ships rather than U.K. ships?

25 PROF. JACKSON: That may be the case,  
26 using that question, I can answer forthrightly  
27 and I can also say I have no present instruc-  
28 tions that specifically cover the ships on char-  
29 ter to which you refer.

30 THE CHAIRMAN: Well, I pick one of the







1 lines, a similar situation, there are instances  
2 in other cases, what about the carriage of aluminum  
3 from the Saguenay? What about the carriage of  
4 the Seven Islands ore at present to Contracoeur,  
5 that trade which is going on right now with  
6 British-registered ships?

7 PROF. JACKSON: As to that, I can only  
8 say two things ---

9 THE CHAIRMAN: I can add the Newfoundland  
10 gypsum, the Newfoundland fluor-spar. On the East  
11 Coast probably there are a dozen of those trades,  
12 Prof. Jackson, and I cannot see how one single  
13 one of them could be carried at the same rate  
14 in Canadian-registered ships if all that you  
15 say and Mr. Gerity's clients say as to the com-  
16 parative cost of operation is even close to being  
17 correct.

18 PROF. JACKSON: You mentioned Furness  
19 Withy there because it was merely the presentat-  
20 tion of Furness Withy which led me to ---

21 THE CHAIRMAN: I suggest it is quite  
22 another question, it has supplied service to  
23 the East Coast of Canada for 200 years, 80 in  
24 one case and 125 in another, and that in itself  
25 raises some very considerably questions. But,  
26 I was referring not to any grandfather rights  
27 but simply to your statement that the imple-  
28 mentation of your request would not cause an  
29 increase in rates. Now, if you confine that  
30 to the Great Lakes I can understand it and agree





1 with it, the question is whether it would not  
2 prevent a sufficient decrease there, but this  
3 way I can see no solution except it will cause  
4 an increase in rates and a very considerable in-  
5 crease.

6 PROF. JACKSON: I am somewhat lame, not  
7 being a principal I cannot go outside my instruc-  
8 tions, I quote my instructions and leave the  
9 Commission with the wisdom of what is to be done.  
10 A British-registered ships which is in the coasting  
11 trade of Canada has a vested interest in the  
12 coasting trade of Canada which we think should  
13 be recognized.

14 THE CHAIRMAN; One that was in the coasting  
15 trade of Canada during the 1955 season, or does  
16 it have to be from 1950 to 1955?

17 PROF. JACKSON: Well now, Mr. Chairman,  
18 if that question must be answered, I think I must  
19 ask the Chairman of the Shipbuilders' Association  
20 at this point to answer it. May I do that?

21 THE CHAIRMAN: Yes, you may.

22 MR. McLAGAN: Mr. Chairman, the Associa-  
23 tion feels that those who have been in the  
24 business with ships and if coastal trade is res-  
25 tricted, that those ships should be allowed  
26 to remain, but when new ships come on to the  
27 trade they should be built in this country.

28 THE CHAIRMAN: Well, there was a ship  
29 carrying coal during the 1952 season; during  
30 the 1953, 1954 and 1955 seasons, that ship was







1 in trade between Amsterdam and the East Indies.  
2 It is proposed to have that ship return in 1956  
3 season to carry coal. My example is altogether  
4 imaginary, I am not in the councils of the Domin-  
5 ion Steel and Coal Company, is that going to be  
6 entitled to continue?

7 MR. McLAGAN: I think coal is a special  
8 trade from Sydney to Montreal, is it not, sub-  
9 sidized? I think if you and I subsidized the  
10 Canadian ships as well as the British ships it  
11 would be no change.

12 THE CHAIRMAN: Let us take gypsum or fluor-  
13 spar.

14 MR. McLAGAN: I know nothing about trade,  
15 I cannot speak authoritatively on it, but we do  
16 not think that hardship should be brought about  
17 upon people who are legitimately trading but  
18 when new ships come on they should be built in  
19 this country.

20 THE CHAIRMAN: I am not speaking of the  
21 hardship on the shipping company, I am quite un-  
22 interested, to be perfectly frank, of hardship  
23 on a shipping company; what I am interested in  
24 is the cost of transportation of our goods  
25 in Canada. It was Prof. Jackson's declaration  
26 that if your recommendations were implemented  
27 there would be no increase for some time, and  
28 I say to you that there could not help but be  
29 an immediate increase in the trades I have  
30 mentioned.





1 MR. McLAGAN: I do not think I can answer  
2 that categorically because I understand that  
3 Clarke's are meeting competition now -- I don't  
4 know.

5 THE CHAIRMAN: They are not meeting com-  
6 petition in those days.

7 PROF. JACKSON: I would say if the ships  
8 at present on charter were not allowed in the  
9 coasting trade, the cost of carrying this coal  
10 across the Great Lakes might be raised. All  
11 I was saying to you was, I have no instructions  
12 whether the declaration I had just made was to  
13 include ships on charter in that coal trade or  
14 not, and as to that, Mr. Chairman, you gentlemen  
15 will ultimately decide on the form of whatever  
16 recommendation you may make on the point to  
17 the Government of Canada.

18 COMMISSIONER WICKWIRE: Were you referring  
19 to the Great Lakes trade only?

20 PROF. JACKSON: No, sir, I was referring  
21 to the whole of the coasting trade of Canada.  
22 I merely went on to say that my instructions  
23 had been specifically -- had not specifically  
24 covered ships on charter, that is the reason I  
25 hesitated on this point and the sole reason.

26 THE CHAIRMAN: Well, proceed, then.

27 PROF. JACKSON: I spoke a moment ago  
28 of the tremendous disparity in the wage costs  
29 of Britain and Canada as a result of which, of  
30 course, there is an equal disparity between







1 the wage levels of workers of the shipbuilding  
2 yards of Britain and Canada. There has been a  
3 great deal of argument as to what is the difference  
4 in cost of building ships in Canada and else-  
5 where, and the difference in cost of operating  
6 ships in Canada and elsewhere. There has been  
7 some attempt to pinpoint accurately what these  
8 differences are, and that, I suggest, is not  
9 necessary. Some came and assured the Commission  
10 that technically it is not possible for you have  
11 vessels which are not identical competing with  
12 one another, to say that the difference in their  
13 cost of building or cost of operation is precisely  
14 so much percent. You will recall that the  
15 figures were meticulously worked out by Mr.  
16 Lowery and were carefully gone over by him before  
17 the Commission. May I read the number of the  
18 exhibit for the record? It is Exhibit 200 and  
19 Mr. Peck's exhibit is 204. I will refer to  
20 Exhibit 200 for the moment; you will find half  
21 a dozen different kinds of vessels and half a  
22 dozen different percentage ratios in the com-  
23 parison of these British ships with Canadian  
24 ships. I note the fact that most of these dif-  
25 ferences are in the neighbourhood of a ratio  
26 of 80 to 100 in the case of ship operation, that  
27 is to say, the various British ships cost to  
28 operate per ton mile a little less or little  
29 more than 80 percent of the cost of Canadian  
30 operations, and I take from Mr. Lowery's work





1 and Mr. Peck's exhibit that the cost of building  
2 a vessel in Canada is 50 percent or somewhat more  
3 than 50 percent above the cost of building a  
4 similar vessel in England. These round figures  
5 seem to me to be all that we need to know. The  
6 situation is that because of this tremendous  
7 disparity in wages, mainly because it spreads  
8 through to all the components in the case of  
9 shipbuilding and ship stores, because of this  
10 difference in wages which is tremendous between  
11 the British level and the Canadian level, our  
12 cost of shipbuilding and our cost of ship operation  
13 must be substantially greater than the corres-  
14 ponding cost of a ship built in a British yard  
15 and operated on a British registry.

16 COMMISSIONER WICKWIRE: It is also tre-  
17 mendous between the West Coast and the St. Lawrence,  
18 or is it not?

19 PROF. JACKSON: I would hesitate to use  
20 the word "tremendous", that is a question of  
21 degree, there is a difference and there is  
22 quite a marked difference, but you have no dif-  
23 ference between the wages on the West Coast and  
24 wages, say, in Nova Scotia and New Brunswick  
25 corresponding with this 162%.

26 COMMISSIONER WICKWIRE: There is 35¢ or  
27 40¢ an hour difference in most classifications  
28 which, to me, is quite a considerable sum  
29 when it comes to yards being competitive.

30 PROF. JACKSON: 35¢ or 40¢ is what, it







1 is 30 percent of the hourly wage of the ship-  
2 wright in Nova Scotia. In percentage form, you  
3 are talking about percentage differences in  
4 Canada between the yard in the relatively low-  
5 wage area and the yard in the relatively high-  
6 wage area?

7 COMMISSIONER WICKWIRE: I was thinking  
8 if I was interested in having a ship built in  
9 Canada how a West Coast yard could compete with  
10 a St. Lawrence or Great Lakes yard or with the  
11 Atlantic yard.

12 PROF. JACKSON: I can only say it does  
13 compete, and in given instances the buyer of the  
14 ship finds it worthwhile to buy the ship on the  
15 West Coast despite the fact of the difference in  
16 wages.

17 THE CHAIRMAN: Once it did not, because  
18 we saw a ship which had been launched at Vickers  
19 and it was sold for the run from Vancouver to  
20 the Skagway.

21 PROF. JACKSON: I do not mean the  
22 Pacific Coast will inevitably get all the orders  
23 for all the ships to be run on the Pacific  
24 Coast, if the coasting trade is restricted  
25 they are going to run always in competition  
26 with the Atlantic Coast and the St. Lawrence,  
27 but what I do suggest to you is that the Pacific  
28 Coast shipyards have succeeded in keeping their  
29 end up so far in competition with shipyards  
30 elsewhere in Canada and the difference of 30





1 percent or whatever may be the wages calculated  
2 on it between the lowest wages in the Canadian yard  
3 which pays the lowest and the highest wages on  
4 the Pacific Coast, it is perhaps of the order of  
5 30 percent, whereas when we compare the Canadian  
6 yards with the British yards we look at a difference  
7 not of 30 percent, but 162 percent. In other  
8 words, we have something like five times -- my  
9 30 percent is a very rough figure -- but we have  
10 something like five times the range of variation  
11 between the wages in shipyards in Canada than  
12 we have when we compare the average wage in  
13 British shipyards with the average wage in Canadian  
14 shipyards. I think the relative range of  
15 contrast there is a pretty important consideration.

16 Now, under conditions of perfect free  
17 trade the shipyard with these very low wage costs  
18 would, in the long run, I suppose, drive to the  
19 wall the shipyard with wage costs so much  
20 higher.

21 THE CHAIRMAN: I do not think I would  
22 agree with that, with the little smattering of  
23 economics I know, that certainly the reason for  
24 higher wages is high efficiency. It would be  
25 interesting to know the number of man-hours  
26 in a United Kingdom yard as against a Canadian  
27 yard. Are these highly paid Canadian workers  
28 producing a ship in fewer man-hours than in  
29 England, or are they not?

30 PROF. JACKSON: Rather than answer







1 that question directly I would ask Mr. Lowery to  
2 say what should be said on the subject.

3 MR. LOWERY: I am afraid I am in the  
4 position of being caught not listening.

5 PROF. JACKSON: Would you, Mr. Chairman,  
6 repeat the question?

7 THE CHAIRMAN: I was debating with Prof.  
8 Jackson his statement that a low-wage manufacturer  
9 would run the high-wage manufacturers out of  
10 business, and I think the whole of the United  
11 States is a complete answer to that statement, the  
12 highest wage country in the world can sweep other  
13 markets time after time, and I point out that  
14 high wages mean high efficiency and, therefore,  
15 I ask whether the number of man-hours taken by  
16 these high-paid Canadian workers, and even higher-  
17 paid American workers, is fewer than the number  
18 of man-hours taken by the lower-paid United King-  
19 dom worker, do you know?

20 MR. LOWERY: I think I do, sir, so far  
21 as anyone, first of all, admitting what you have  
22 to say about the United States, one must admit  
23 that in the majority of fields in which they can  
24 by improved efficiency compete with the rest  
25 of the world, they are on a mass-production or  
26 a large output, whereas shipbuilding is a custom-  
27 built operation which seldom lends itself to  
28 mass-production, one man is doing a special task  
29 which is quite similar to what is being done  
30 by his brother in Britain. There is little





1 chance to invest money in fancy machinery to  
2 build ships by pressing buttons. The activities  
3 are almost entirely individual and personal.

4 However, I would say ---

5 THE CHAIRMAN: At the same time you tell  
6 us/<sup>a</sup>shipyard is a mere assembly place with the  
7 work done in factories, 176 I think we heard in  
8 various places in Canada and the United States and  
9 Great Britain. Now, do not the factories have  
10 machinery, they press buttons to do their work?

11 MR. LOWERY: Not to build boilers or  
12 winches which go to the ships. Ships are not  
13 produced as cars or refrigerators or automobiles,  
14 but the assembling -- a shipyard is an assembling  
15 industry and, of course, a large proportion of  
16 the cost of the ships being built in Canada is  
17 the labour cost which Mr. Jackson was referring to.  
18 I have received from Britain figures on man-  
19 hours for many types of vessels constructed in  
20 Britain, from friends of mine in the industry.  
21 It takes a very careful analysis to arrive at any  
22 conclusions because of differences in cost pro-  
23 cedures; but my effort has been to find out  
24 whether we, in fact, are as efficient as they  
25 are because I wanted to use it against my own  
26 staff to show them what they could aim for. My  
27 conclusions are that the Canadian shipyards are  
28 certainly as efficient or more efficient from a  
29 man-hour point of view than are the British  
30 shipyards, and I would feel even if they are just







1 as efficient that is no mean achievement, because  
2 Britain is reputed to be the greatest shipbuilding  
3 country in the world. But I would say the ship-  
4 yards in Canada of which I have some idea can  
5 build ships for less man-hours than equivalent  
6 ships would take in Britain. May I just say that  
7 I am not talking about 20 percent differences  
8 because differences are quite slight, but I think  
9 one means of arriving at a fairly similar con-  
10 clusion can be gained from Mr. Peck's exhibits  
11 where he took the actual figures for building a  
12 ship in Britain, divided into the various com-  
13 ponents of cost and merely corrected that cost  
14 for itself for differences in Canada. In Canada  
15 one reads of material costs, assuming equal ef-  
16 ficiency and arrive at a price of about \$3,200,000.  
17 He and Mr. Paul-hus worked independently without  
18 any reference to the British article to see  
19 what such a ship would cost if it were built in  
20 Canada, and they both arrived at a figure which  
21 was almost the same. So, at least, their  
22 figures do not in any way indicate that Canadian  
23 ships require more man-hours to construct than  
24 do the British.

25  
26  
27  
28 (Page 5745 follows)  
29  
30





1  
2 PROF. JACKSON: May I say, sir, nobody is  
3 more proud than myself of the competence of Canadian  
4 workers but when an operation requires as much of a  
5 skilled craftsman doing things with his hands and  
6 not doing things with push-buttons as is the case in  
7 a modern shipyard, no possible efficiency of a  
8 Canadian shipyard worker which he could hope to  
9 attain, would merit the difference of 162 per cent  
10 in wage levels to which I began by calling attention.

11 THE CHAIRMAN: Then shipbuilding is a trade,  
12 an industry, which cannot realize the economies of  
13 large-scale production.

14 PROF. JACKSON: It cannot realize the  
15 economies of large-scale production to the degree  
16 which would neutralize this tremendous difference.

17 THE CHAIRMAN: Isn't it inevitable then that  
18 shipbuilding will gravitate to countries which have  
19 a low scale of wages?

20 PROF. JACKSON: I was just beginning to say  
21 this, that when we begin dealing with the relative  
22 efficiency of the British shipyard worker and  
23 Canadian shipyard worker my submission to you is  
24 that under conditions of perfect free trade the  
25 building of ships and ship operation would inevitably  
26 gravitate into the hands of countries with a low  
27 wage rate provided the workers were efficient and  
28 under such circumstances the Canadian shipbuilding  
29 industry would be sooner or later/ultimately doomed.  
30





1 That is again realized from our Table XI.

2 As soon as one goes into this ratio of 100 to 262,  
3 which is the ratio of average wage in British  
4 shipyards and the average wage in Canadian shipyards,  
5 I say, sir, that is a staggering figure.

6 THE CHAIRMAN: That being so, and remembering  
7 the present barrier in the St. Lawrence system,  
8 everything east of Kingston right down to the Atlantic  
9 coast, and on the Pacific coast is artificial and  
10 not economic in its essence; isn't that so?

11 PROF. JACKSON: If I may go back, sir, I said  
12 under conditions of perfect free trade. Perfect  
13 free trade exists almost nowhere in the world and,  
14 the statement I made was from a wage comparison,  
15 and no trade factors have been taken into account at  
16 all.

17 To build a Canadian ship costs 50 per cent or  
18 somewhat more than 50 per cent more than to build  
19 the same ship in Britain, and the ratio in costs  
20 of ship operation is in the neighbourhood of 100  
21 in a Canadian ship and 80 or plus a little bit in  
22 the case of a ship built under British registry.  
23 Here is a situation, which under conditions of  
24 perfect free trade, would mean the shipyards of  
25 Canada would be doomed.

26 Our physical assets in these shipyards are  
27 essential to the defence of this and all free  
28 countries. Our paramount consideration, not our  
29 sole consideration, but our paramount consideration  
30







1 must be this country's defence.

2 I remind you, sir, that Aristotle, who both  
3 of us once studied, said there are two main objects  
4 in life, the first is to survive and the second is  
5 to live a good life. We are talking now about the  
6 principles of the survival of Canada and a number of  
7 friendly countries which are now free.

8 There has been some argument on the subject  
9 of defence in the last few days.

10 THE CHAIRMAN: I think we will adjourn for  
11 ten minutes, now.

12  
13 ---A short adjournment.

14 -----  
15 ---Upon resuming

16 THE CHAIRMAN: Will you proceed, Professor  
17 Jackson, please.

18 PROF. JACKSON: Within the past few days, sir,  
19 we have been treated to an interesting and vigorous  
20 discussion of modern war, a subject to which I was  
21 coming when you gave us this welcome adjournment.

22 Dr. Hope, whom I do not quote accurately,  
23 said our argument on behalf of defence requirements  
24 may have scared people, but I am happy to know it  
25 does not scare him. He talked in some detail about  
26 modern war and especially of the war of the future  
27 and told us something about warfare against submarines  
28 and the future of inter-continental guided missiles.

29 Now, sir, no doubt familiarity gives con-  
30





1        fidence in one's ability to deal with one's enemies.  
2        There is the famous story of Sir Frances Drake  
3        engaging in a game of bowls when a captain rushed  
4        up to him and said that Spanish ships were at sea,  
5        "We have sighted 53 of them", and the fate of  
6        England hung on what was done next, and Sir Frances  
7        said, "I see no reason why we should not finish our  
8        game."

9                Sir Frances was justified pragmatically  
10       because within a few weeks he had burned half the  
11       Spanish Armada in the Dunkirk roads and, the threat  
12       of the Armada was lifted once and for all.

13               I do not say that Dr. Hope has justified  
14       all his evidence pragmatically in quite the same way  
15       or with quite the same speed.

16               I do not know what awaits us in World War III,  
17       therefore I do not try to disprove Dr. Hope's  
18       prognostications. I shall, however, have a word  
19       to say in a few minutes about his Exhibit 228.

20               Doubtless, sir, all the members of the  
21       Royal Commission know, and to a certainty one  
22       member of this Commission knows there is in the  
23       Canadian Army and the British Army a rank lower  
24       than a private and that is a super-numerary lance-  
25       corporal, and it measures my incompetence to talk  
26       about war when I say I occupied that post for a  
27       substantial part of World War I. In fact, just  
28       as it is truly said of William Lyon MacKenzie King  
29       that he was Prime Minister of his country for  
30







1 longer than any Prime Minister of any country, so  
2 perhaps, I might hold the record for holding the  
3 post of super-numerary lance-corporal, unpaid.  
4

5 In other words, I am not arrogating to  
6 myself the right to talk as if I was an authority on  
7 war, but even a super-numerary lance-corporal,  
8 unpaid, sees certain things.

9 In World War I I did serve in four countries  
10 and on my way back from World War I I crossed four  
11 more countries to come home again, and my most  
12 vivid memory<sup>is</sup>/relative, not to something which  
13 happened during the war, but to certain experiences  
14 on the way back through the four countries after  
15 the war.

16 I saw nearly every day starving children or  
17 half-starved children, standing by the railway track  
18 as our train slowly crawled along the Adriatic Coast  
19 of Italy, and saw those men in those  
20 famous vehicles which later were labelled Army  
21 carrying wagon lits, throwing their rations at  
22 the children because they couldn't bear the sight  
23 of these starving, suffering children as we went  
24 home.

25 What about the food these children lacked;  
26 they lacked food in their own countries because you  
27 cannot fight your enemies and follow the plough.  
28 These children were not children of a defeated  
29 enemy, but children of an ally with whom we had  
30 been standing side by side for a period of years.





1 One reason they were starving and went on starving  
2 for a considerable time was because of the lack of  
3 ships, and if you ask me why the ships were not there,  
4 I will say it was because of some millions of tons  
5 were at the bottom of the sea, and some millions  
6 of tons of other ships had not been built. That is  
7 what happens after a war when you do not have enough  
8 ships.  
9

10 My next most vivid memory is my memory of the  
11 size of the North Atlantic Ocean. I think I spent  
12 15 weeks in this time on the Atlantic Ocean when the  
13 World War began, but it was only when one went to  
14 the rail and looked over for the periscope of a  
15 submarine, that might appear at any moment, that  
16 one realized what a large place the Atlantic Ocean  
17 is.

18 One talks sometimes, when one wants to bring  
19 attention to a very large range of territory, about  
20 an area perhaps as large as the Province of  
21 Saskatchewan, but I might mention the area in  
22 which the Bismark was subsequently hunted and  
23 killed, covered an area not the size of Saskatchewan,  
24 but an area the size of Manitoba, Saskatchewan  
25 and Alberta put together. And, that was a small  
26 fraction of the tremendous waste of sea which had  
27 to be patrolled, in which submarines lurked by the  
28 scores for years and had to be chased and killed.

29 Dr. Hope derives cheer from a new helicopter  
30 called "The Seamew" about which something was said





1 the other day. I wonder how many "Seamews" we need  
2 to cover the great stretches of the North Atlantic and  
3 the still greater stretches of the Pacific if  
4 another such danger has to be met. The enemy  
5 will start with a fleet of submarines from the first  
6 day as large as the maximum size reached by the  
7 submarine fleet of our enemies in World War II.  
8 A civilian may take somewhat easily the statement  
9 which is given out officially from time to time  
10 that the submarine menace has been destroyed. I  
11 refer back to some similar statement which Dr. Hope  
12 made last week that, after reaching tremendous  
13 proportions, seven million tons sunk in one year,  
14 during the last couple of years of the war the  
15 submarine menace was well in hand and the danger  
16 was mastered.

17 I take his Exhibit 228 and look at the last  
18 18 months of the war during which period the danger  
19 was mastered, or whatever Dr. Hope's phrase may have  
20 been, but I note in the last 18 months of the war  
21 an average of four vessels per week were sunk,  
22 four times the bell rang at Lloyd's and the voices  
23 stopped while everybody waited to hear whose ship  
24 had been sunk and how many more sailors had been  
25 killed. I do not know what the loss of men was  
26 when we were still losing four vessels per week,  
27 but I myself cannot feel quite as happy about the  
28 submarine business as Dr. Hope does.

29 His discussion introduces another question  
30







1 of which the Commission is obliged, I suppose, to  
2 take notice, and that is what sort of duration should  
3 one expect in World War III. If we say, or anyone  
4 else says before the Commission, that the basic reason  
5 for restricting the coasting trade of Canada is the  
6 paramount use of national defence, and someone will  
7 come forward, persons have come forward before the  
8 Commission and said when World War III becomes a  
9 shooting war, that<sup>with</sup>/the weapons which are proven  
10 or shortly are going to be proven, we may be sure  
11 World War III will be finished in days, or at most,  
12 weeks. The fact is these ships may be necessary  
13 for this brief ordeal but the shipyards may not be ready.

14 I suggest, sir, if the view be correct  
15 that the duration of World War III must be very  
16 short, it will be short because<sup>in</sup>/that very short  
17 time there will be a volume of destruction almost  
18 instantaneous, which completely cripples one or  
19 both sides in that war.

20 Sir, I ask you to look at the resulting  
21 situation in relation to ships, ports, dockyards  
22 and shipyards.

23 One of my first memories of World War I  
24 was going back to my native town of Hull and seeing  
25 the great destruction caused by bombs dropped from  
26 zeppelins. One of the things I did in World War II  
27 was to go back to Hull and see, not the centre of  
28 the town mangled by bombs from zeppelins, but miles  
29 of docks laid in ruins, miles of streets which were  
30





1 the homes of dockers completely devastated, and  
2 this port which has been for a very long time a  
3 shipbuilding centre, completely laid to waste.

4 Multiply that by the number of times that  
5 the weapons developed in recent years can cause  
6 such damage almost instantaneously hereafter,  
7 and you have a picture of what would happen.

8 Whereas we naturally are thinking of ourselves  
9 in terms of defence, if not as an isolated unit,  
10 at least as an associate of two countries, Britain  
11 and the United States, the fact is that as a  
12 member of Nato we belong to an alliance binding  
13 many nations, which is a link in a series of such  
14 links extending from the north coast of Norway  
15 as far as Pakistan and Iran. This alliance is  
16 attempting to contain the greatest power for evil,  
17 the greatest power for destruction which any man  
18 has ever imagined, and the reason we feel secure  
19 where we live is we have this line of allies, we  
20 are part of the links of 44 countries, almost all  
21 of them weaker than ourselves, some pitifully weak,  
22 and it is the strength of that alliance which keeps  
23 our own minds easy. The failure of that alliance,  
24 I suggest, sir, would make North America a  
25 beleaguered island in a very short time, and  
26 Lenin may be quoted that that is the plan from  
27 the beginning, the programme of the country to  
28 which we are now directing our attention.

29 Now, sir, take the spectacle of these  
30







1 Italian children I mentioned to you a few moments  
2 ago. Think of the 44 nations with which we are  
3 allied, many not able to feed themselves, many not  
4 in maritime areas. Suppose World War III was  
5 finished in a week, ask yourselves, gentlemen, if  
6 you will be good enough to do so, what are the  
7 responsibilities of Canada to those 44 nations,  
8 what are our responsibilities not merely in the way  
9 of munitions and supplies, but in the form of food  
10 which must be delivered. What are our responsibilities  
11 for the lives of men, women and children which must  
12 be saved, and the activity of our ships above all,  
13 which requires a volume of replacement which  
14 involves us in the task of replacement precisely  
15 the same as the task of replacement we shouldered  
16 in World War I. There will be a much larger task  
17 of replacement <sup>than</sup> we shouldered in World War II  
18 which may confront us in World War III. No matter  
19 the shape of World War III which may confront us,  
20 that task is very much larger than the task which  
21 confronted us in World War I.

22 Now, sir, that is the background against  
23 which I suggest we must view the responsibilities  
24 of Canada as part of the 44-nation alliance,  
25 and each country must now consider the question  
26 of its survival as part of this collectivity.

27 We claim the maintenance of an efficient  
28 chain of shipyards, capable of creating and main-  
29 taining new ship types is vital to the interests  
30





1 of Canada's defence and Canada's duty to the great  
2 chain of alliances of which she forms part.

3 I spoke some time ago, sir, about the  
4 sectional claims which had been made by various  
5 interested groups before this Commission and to  
6 the forthright manner in which some of those  
7 interested groups have taken for granted we are just  
8 an interested group and here to plead our own self-  
9 interest, and I would point out the fact that is  
10 precisely what we have not done. I suggest to you,  
11 sir, what is now necessary is to think for Canada,  
12 and if you have had your attention directed a great  
13 deal from time to time to sectional interests in  
14 this country, this Commission should now think for  
15 Canada.

16 At the risk of seeming tedious, sir, I am  
17 going to ask you here to visualize a map of the  
18 North Atlantic and to recall that the most important  
19 sea route on earth is the Great Circle Route of the  
20 North Atlantic. Also, of course, being the  
21 Great Circle Route, it is the shortest route between  
22 ports I mention. The Great Circle Route brings  
23 food and other good things of life from Montevideo,  
24 Rio de Janeiro, New York, Boston, St. John, Halifax,  
25 St. John's, Belfast, Liverpool, Glasgow, Southampton  
26 and other European ports.

27 The principal function of our Canadian Navy  
28 during World War II was to keep that sea route  
29 open, and we can look back proudly on the fact  
30





1 that at a certain stage of World War II we took  
2 over the Great Circle Route and made ourselves  
3 responsible for guarding it.

4 We did so because in St. John's and Halifax  
5 we had two seaports midway between one end and  
6 the other of that Great Circle Route, ideally  
7 situated for the purpose of mustering convoys and  
8 maintaining ships that guarded them, and in Halifax  
9 and St. John's, two cities with shipyards admirably  
10 suited to the quick repair of vessels which came in  
11 wounded from the sea and had to be made fit again  
12 and had to be sent back into the fight at the  
13 earliest possible moment. We have three cities,  
14 St. John's, Halifax and St. John, of which a  
15 great many people do not think a great deal in  
16 times of peace, but when trouble comes, these three  
17 cities are three of the most important cities on  
18 earth, and remain the three most important cities  
19 on earth until the war is won.

20 Tonnage built and dollars earned by these  
21 shipyards, which are much less than other figures,  
22 which can be said for other Canadian shipyards,  
23 are absolutely no measure of the importance of  
24 these shipyards.

25 Now, sir, the next most important sea  
26 route is the Great Circle Route of the North  
27 Pacific, linking Valparaiso, Panama, Los Angeles,  
28 San Francisco, Victoria, Vancouver, the Kuriles,  
29 the Japanese and communist-held Chinese ports of  
30







1 Hong Kong, Manila and Singapore, which are ice-free.  
2 When the Commission was sitting in Victoria, Mr.  
3 Wallace put in Exhibit 46, which Mr. McLeod was  
4 kind enough to lend me overnight, and which I now  
5 return, illustrating the situation on our West Coast  
6 to which I should like now to call attention.

7 I call to your attention, sir, that on the  
8 West Coast, Vancouver and Victoria, stand in  
9 exactly the same relationship to the Great Circle  
10 Route in the North Pacific as St. John's and  
11 Halifax stand to the Great Circle Route on the  
12 North Atlantic and, their functions are basically  
13 the same in another war as the functions of these  
14 two eastern seaports.

15 I call your attention to first the vast  
16 reaches of the Pacific to which Mr. Wallace I think  
17 spoke in Victoria. I measured last night the  
18 distance from Victoria and Vancouver to the nearest  
19 dockyards and drydocks in the British Commonwealth  
20 of Nations within the Pacific area. Without being  
21 precise I find from Victoria to Fiji the distance  
22 is something like 5,200 nautical miles, not much  
23 less than twice the distance from Ottawa to  
24 Vancouver. Fiji's naval dockyard cannot be very  
25 much. The distance from Victoria to Sydney,  
26 New South Wales, a real bastion of our defence  
27 is 6,900 miles approximately. The distance from  
28 Victoria to Singapore, the great dockyard on  
29 which so much has been spent in our lifetime, is  
30





1 more than that, it is 7,100 miles, and experience  
2 teaches us when World War III does become a shooting  
3 war, the life of the dockyard and repair facilities  
4 of Singapore may be limited to not many days.

5 So, sir, we have in these two shipbuilding  
6 centres on the Pacific something which gives them  
7 an importance unexpected, I think, by most  
8 Canadians.

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13 (Page 5765 follows)  
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Take D

JC

Jan.10/56

PROF. JACKSON (continuing): It is not

1 for nothing that the British Admiralty decided  
2 in 1858 to establish a naval branch at Esquimalt.  
3 I think the first dockyard was established there  
4 in 1860. We are looking back on history at  
5 something like a century during which the key  
6 position of these ports has become constantly  
7 greater, enormously greater today than it could  
8 have been in World War II when we had this long  
9 ice-free coast dominated by the Red Flag on the  
10 Asiatic side and 400 active submarines capable  
11 of being launched on that vast ocean. So,  
12 sir, if anybody asks me what is the strategic  
13 importance of the Pacific Coast in Canada, I say  
14 that the strategic importance of the Pacific  
15 Coast is mostly the shipbuilding facilities of  
16 Vancouver and the dockyard and shipbuilding facili-  
17 ties of Victoria, B.C.

18 If it is claimed that it is extravagant  
19 to pay shipwrights on the scale at which they  
20 must be paid in British Columbia, let me sug-  
21 gest, sir, it is no less extravagant for a poor  
22 man whose child needs an operation to get the  
23 most skilled surgeon, whatever his price be-  
24 cause his life may depend upon doing just that.

25 I do not need to labour the point, sir,  
26 but I am reading what we said in our original  
27 brief, that it is the joint interest of Britain  
28 and Canada that Canadian shipbuilders shall re-  
29 main in business and shall remain efficient.  
30





1 Britain in peacetime, the greatest of all ship-  
2 builders in the world, now stands exposed as  
3 never before to the destruction of her shipyards.  
4 Almost instantaneously Britain may find herself  
5 dependent upon the shipyards of North America  
6 for war, and in the vast job of rescue and re-  
7 building after war. Very much faster, and on  
8 a scale very much larger than she has done in  
9 either of the two wars, of which all of us in  
10 this room have some direct knowledge.

11  
12 Now, sir, if the point be granted that it  
13 is of vital interest to this country to maintain  
14 such shipbuilding industry as we still have, the  
15 question arises by what means should that industry  
16 be maintained? And we have an example across  
17 the border of measures which have been taken for  
18 precisely this purpose by the Government of the  
19 United States, which decided in 1817, 139 years  
20 ago, to reserve its coasting trade against  
21 the world, and who have since seen no reason to  
22 reverse the decision; and that same country, be-  
23 sides strictly reserving its own coasting trade,  
24 has an elaborate system of subsidies, by means  
25 of which the differential in cost between the  
26 ship operation in vessels of United States  
27 registry and ship operation in vessels of other  
28 registry and the building of ships in the United  
29 States yards as against the building of ships  
30 in competing yards, may under certain strict





1 rules be neutralized.

2 It has been asked by us, I think more than  
3 once, in this hearing, why we did not ask that  
4 the Canadian shipbuilding industry be subsidized,  
5 and I must say, Mr. Chairman, that a great many  
6 persons who have appeared before you, including  
7 Dr. Hope and various other people in this room  
8 in the past, have pressed upon you the suggestion  
9 that this industry of ours should be maintained  
10 alive and efficient not by the first of the two  
11 devices used by the United States, the reserva-  
12 tion of the coasting trade, but by the second  
13 device of subsidy.

14 We point out, firstly, that this Commission  
15 was established by the Privy Council to inquire  
16 into and report upon questions with respect to  
17 Part XIII of the Canada Shipping Act, Coasting  
18 Trade of Canada, arising out of the transportation  
19 by-water of goods and passengers from one place  
20 in Canada to another place in Canada and upon  
21 relevant matters.

22 There is no mention here whatever of sub-  
23 sidies to promote the building of any ships.  
24 While the minute from which we quote -- and here  
25 I quote from this minute -- "does not restrict  
26 the generality of the foregoing" -- we have  
27 felt that we should be leading the Commission  
28 far afield if we were to suggest that it recom-  
29 mend the enactment of subsidies to promote  
30 building in Canadian shipyards.







1           Now, sir, we come to something which may  
2       be a sin of omission on my part, for which I  
3       should confess. I have been until recently under  
4       the impression that we had filed with the Com-  
5       mission a report published by the United States  
6       Government describing the whole operation of  
7       ship subsidies in the United States.

8           I want the reference to it, please, in  
9       the Shipbuilders' Report, Mr. Drahotsky. I am  
10      sorry, sir, to hold the Commission up. This is  
11      mentioned in Section 16 of the brief of the Ship-  
12      builders. The title there is ---

13           THE CHAIRMAN: The report on Maritime  
14      subsidy policy.

15           PROF. JACKSON: The report on Maritime  
16      subsidy policy. I cannot find this in the list  
17      of exhibits which is in our possession and I feel  
18      it may not be in the possession of the Commission.

19           THE CHAIRMAN: We have it. I do not know  
20      whether we got it from you or whether we got  
21      it elsewhere.

22           PROF. JACKSON: In that event, if you  
23      have it I am very pleased. I was not sure whether  
24      you had it or not.

25           We said in Section 16 of our original  
26      brief:

27                   "The contents of the public purse--"  
28      that is in the United States --

29                   "are pledged in advance by legislation  
30      "which directs that in future such-and-





1 "such payments shall be made under such-  
2 "and-such conditions without reference to  
3 "the total which these payments will reach  
4 "finally.

5 "Such measures, perhaps, can only be  
6 "taken by the richest of all nations. The  
7 "citizens of other, still free lands may  
8 "rejoice, nevertheless, that the richest  
9 "of their neighbours, now possessing both  
10 "the greatest naval armament and the lar-  
11 "gest merchant fleet, is willing to bear  
12 "so great a burden, from which all of us  
13 "benefit.

14 "By comparison with that burden, so  
15 "bravely borne on the shoulders of Uncle  
16 "Sam, the request which we now make has  
17 "at least the merits: (a) that it will  
18 "cost Canada little -- or perhaps, nothing  
19 "at all; (b) that nothing could be  
20 "simpler".

21 We might, sir, have come before the Commis-  
22 sion and said, "Gentlemen, we desire you to  
23 recommend that the Government of Canada duplicate  
24 the main policy payments of the Government of  
25 the United States which keep the shipbuilding in-  
26 dustry alive in that country. That is, both  
27 to reserve the coasting trade of Canada and  
28 subsidies to build ships in Canadian yards.

29 We have not done that partly because our  
30 reading of the terms of reference seemed not







1 to show that remedy was contemplated in the terms  
2 of reference and partly because we make an act  
3 of faith. We believe that if the coasting  
4 trade is to be reserved, if Canada builds up  
5 her naval strength, as we feel she must do from  
6 henceforth, if there is a steady, small volume  
7 of orders from Government for vessels other than  
8 naval vessels, then with the ship repair work  
9 which comes our way and with the commercial work  
10 other than the ship repair work which comes our  
11 way, we may succeed in maintaining ourselves  
12 and maintaining ourselves in fit condition  
13 without subsidy.

14 But, sir, if our judgment should prove  
15 to be at fault on that, I suggest to you that  
16 no decisions as to policy can be regarded as  
17 final.

18 THE CHAIRMAN: No, you can always go back  
19 and take another bite at it.

20 PROF. JACKSON: I do not suggest, sir,  
21 we take another bite at it. I say, if the  
22 Government of this country were to gain conviction  
23 as a result of experience that reservation  
24 of the coasting trade is insufficient, the  
25 Government of this country can then always look  
26 again at the problem and decide more assistance  
27 than that is required.

28 COMMISSIONER WICKWIRE: Prof. Jackson,  
29 you would not care for us if we considered  
30 within our terms of reference to recommend a





1 subsidy?

2 PROF. JACKSON: No, sir.

3 COMMISSIONER WICKWIRE: You would not like  
4 that.

5 PROF. JACKSON: Our position is that if  
6 in your wisdom you decide to recommend subsidy,  
7 we have not one word to say. I merely draw atten-  
8 tion to the fact that we have not at this time  
9 asked for a subsidy, but that we have the convic-  
10 tion that we can and must ask for reservation of  
11 the coasting trade.

12 COMMISSIONER WICKWIRE: Let me ask you  
13 this, if in your opinion that would be a fairer  
14 remedy than restriction, in view of everything  
15 we have heard, all the evidence we have heard.

16 PROF. JACKSON: Meaning by the word  
17 "fairer" more equitable?

18 COMMISSIONER WICKWIRE: If it is a  
19 question of national defence, about which you  
20 have been talking for some time, that should  
21 be borne by the country as a whole and not by  
22 the users of the commercial shipping services.

23 PROF. JACKSON: I think in principle,  
24 sir, that if it is everybody's safety about  
25 which we are talking, then I believe every pri-  
26 vate person has a certain responsibility in  
27 the cost, that being one way to keep the country  
28 safe. I do not like the assumption that has  
29 been made by various people who have appeared  
30 before this Commission ---





1                   COMMISSIONER WICKWIRE:   That is what I  
2 would like to hear you on.

3                   PROF. JACKSON:   That if the coasting trade  
4 is reserved and if, as a result of reserving the  
5 coasting trade some shipping freights are raised,  
6 and then the cost of raising the shipping freights  
7 is going to be centered narrowly on whatever  
8 group may have been discussing the problem before  
9 the Commission at any given time.   I would like  
10 to suggest, sir, that in the working of the extra-  
11 ordinary complex thing, which the modern indus-  
12 trial economy has become, that the strains  
13 arising all the time all over the place and  
14 being distributed throughout by laws, by natural  
15 laws which we do not understand fully, it is  
16 reasonable to suppose that if the coasting trade  
17 were to be reserved, the cost, if any, of the  
18 reservation of the coasting trade would in  
19 time be distributed over the members of the  
20 society as the cost of reserving the coasting  
21 trade in the United States, I believe, is dis-  
22 tributed.   I do not like the assumption that  
23 because Mr. Smith pays X dollars for a truck  
24 for a day, whereas he paid Y dollars last  
25 week, that the cost of operating the truck is  
26 for all-time on the shoulders of Mr. Smith.

27                  THE CHAIRMAN:   I agree with that view,  
28 Doctor, except you have to consider the ques-  
29 tion of the marginal trades, for instance  
30 wheat.   If the cost of wheat is increased,







1       therefore it is more difficult to sell, and it  
2       seems to have been difficult enough in late years  
3       and it is sold in world markets.   The fact that  
4       wheat coming from Canada costs more to transport  
5       to Liverpool is not of any interest to the Liver-  
6       pool buyer. It is what he pays for it laid  
7       down in Liverpool which interests him, whether it  
8       comes from Canada or Argentina.   Therefore the  
9       Canadian vendor will not be able to pass on to  
10      the Englishman the increase in cost of trans-  
11      portation.   Now, I think he will be able to pass  
12      on to his fellow Canadian his decreased ability  
13      to pay for it, and therefore the fellow Canadians  
14      will bear the cost of the increase as well as he,  
15      but that the ordinary people of different places  
16      where there is a smaller group and a less power-  
17      ful buying group than the growers and vendors of  
18      wheat; for instance, these gypsum and fluor-spar  
19      people in Newfoundland, and other small interests  
20      bound by the end price, so that an increase  
21      in the cost of transportation can only reflect  
22      back on them and not forward on the purchaser;  
23      but of a group whose buying power is small  
24      now and they will not reflect their decreased  
25      buying power because of their higher cost on  
26      the cost of the products which they buy?

27           PROF. JACKSON:   I think I follow you,  
28      sir, and if I do I think I find myself in abso-  
29      lute agreement with what you said. I should  
30      like to observe this is an immensely complicated





1 problem. There are a lot of marginal trades in  
2 this country and there are a great many trades  
3 in this country which represent themselves as  
4 marginal trades but which you and I, on close  
5 examination, might not agree to be marginal.

6 My plans do call for me, when I go across  
7 the country from one Coast to the other, to look  
8 at certain trades and discuss this question a  
9 little more specifically. Would you mind if I  
10 discussed that later, rather than end the subject  
11 now? May I come back to it?

12 THE CHAIRMAN: Yes, certainly.

13 PROF. JACKSON: Thank you very much  
14 indeed. I leave the ground which I have been  
15 covering for the last fifteen or twenty minutes,  
16 sir, merely by saying we believe, we cannot  
17 prove, that the result of reserving the coastal  
18 trade, as we shall propose should be done, plus  
19 the naval building which we can expect, plus  
20 building ships for the Government outside the  
21 Defence Departments, plus the repairs, plus what-  
22 ever else of engineering work may be gotten --  
23 we believe that will suffice. If experience  
24 shows otherwise, Canadians are ingenious enough  
25 to devise some further step.

26 Now, sir, may I come back to something  
27 about which we talked at some length before  
28 recess? That is the subject of efficiency.  
29 Part of my pride in being mixed up in this af-  
30 fair, in being permitted to appear from time







1 to time before this Commission, has been my pride  
2 in being associated with a group of men who seem  
3 to me to be first-class men running an exceedingly  
4 efficient industry. We have discussed the  
5 question of whether the Canadian shipyards are  
6 efficient, and how efficient, at some length  
7 with you. We compared the average rate of wages  
8 in U.K. shipyards with the average rate of wages  
9 in Canadian shipyards.

10 As I say, it has been a satisfaction to  
11 me to think I was the spokesman, by their choice,  
12 for an efficient group of men. I think the  
13 records that the yards have put in World Wars I  
14 and II and the statistics of what they did in  
15 World War I and World War II are thoroughly fam-  
16 iliar to the Commission and go in some way to  
17 substantiate this opinion of mine.

18 I must say that the witnesses who have  
19 appeared before the Commission for the most  
20 part have been -- some of them have been willing  
21 to concede that it is an efficient industry,  
22 even those people who believe that in our high-  
23 way country such an industry has no place.

24 It was left until a very few days ago  
25 for someone who appeared before the Commis-  
26 sion, who questioned forthrightly -- though I  
27 must say, sir, expressed himself very gently;  
28 who questioned forthrightly the adequacy of  
29 the Canadian shipyards to their task. He did  
30 not say they did bad work. He said they were





1 slow and that work done slowly piles up costs  
2 which the shipowners frequently cannot bear and  
3 should not have to bear, and he spoke in very  
4 gentle terms about this, with evident regret, and  
5 he mentioned no names.

6 I made a note on my pad at the time this  
7 was a very good witness and I felt that he perhaps  
8 showed a certain delicacy in not having stood up  
9 and, pointing to some one or two or three yards,  
10 saying, "These are the Canadian yards which are  
11 not up to snuff". The witness to whom I refer,  
12 of course, is Mr. Irving. I have his transcript  
13 here. It is so recent that it is familiar to  
14 the members of the Commission; therefore I am  
15 not going to read it. But I should like to read  
16 something else, if I may do so, sir.

17 I was so disturbed at this news, which  
18 struck at the root of my belief, that I went and  
19 enquired of every Canadian shipyard who could have  
20 been covered by this gentle remonstrance of Mr.  
21 Irving's, in order to find for my personal satis-  
22 faction, and for the satisfaction of the rest  
23 of us, who had let the Canadian shipyards in  
24 Eastern Canada down; and I received a series of  
25 replies, which I read and I should like, if I  
26 may do so, read them to you. I have here ---

27 THE CHAIRMAN: Just a minute. Now,  
28 surely, we are in argument. We must come to  
29 some end of presentation of evidence in this  
30 matter. I would have thought that we had made





1 it abundantly clear in our first letter fixing  
2 these appointments that it was for those who  
3 wished to give rebuttal and argument; subject  
4 to one thing I will mention. That opportunity  
5 was given and some availed themselves of that  
6 opportunity, and constantly in any kind of liti-  
7 gation there is always the feeling, "Oh, if I  
8 had the opportunity I could have answered that".  
9 I am afraid you will have to anticipate it, or  
10 there would be no end to litigation. There  
11 cannot be reply to reply after reply. Therefore  
12 I can see we should not, apart from one circum-  
13 stance, accept this evidence.

3/  
14 Now, the circumstance is this. Mr. Teed  
15 asked first for the opportunity to produce his  
16 witness, Mr. Irving, and was given that oppor-  
17 tunity in Montreal and was given it again in  
18 Toronto, and on neither occasion did Mr. Irving  
19 appear, and Mr. Teed was asked questions in  
20 Toronto which he was incapable of answering and  
21 only brought Mr. Irving on rebuttal and supple-  
22 mentary evidence to Ottawa. It happens he was  
23 the last person who gave such rebuttal and  
24 supplementary evidence.

25 I suggest that the proper thing under  
26 those circumstances for you, Mr. Jackson, was  
27 to have applied for leave as soon as he gave his  
28 evidence to adduce such evidence by way of  
29 rebuttal as you could gather. Now you are  
30 putting it right in the middle of argument.







1           PROF. JACKSON: I think I agree with you,  
2 Mr. Chairman.

3           THE CHAIRMAN: There must be some end to  
4 these things.

5           PROF. JACKSON: May I just say one more  
6 thing in explanation, Mr. Chairman?

7           THE CHAIRMAN: Yes.

8           PROF. JACKSON: The only possible circum-  
9 stance under which I could be introducing it is  
10 the way I have tried to introduce it. You may  
11 remember, sir, that you asked me when Mr. Irving  
12 had given his evidence whether I had any questions  
13 which I wished to put to him, and I said "No, sir,  
14 I was perfectly satisfied". I was perfectly  
15 satisfied because I accepted the statements made  
16 by Mr. Irving as being direct statements of  
17 fact relating to Canadian shipyards, and if I  
18 had not accepted those statements as being state-  
19 ments of fact, it would have taken me until  
20 the next day or two to verify these statements.

21           I have come before you at the earliest  
22 moment when it was physically possible to do so  
23 in the view that the Commission has evidence  
24 before it which, if it be taken as relating to  
25 the shipyards of Canada, I propose to demon-  
26 strate is not true, but I could not possibly,  
27 before this moment, have done so. I had not  
28 the slightest inkling that there was going to  
29 be any change.

30           THE CHAIRMAN: How long will this take?





1           PROF. JACKSON:     This will take, sir,  
2     about four minutes.

3           THE CHAIRMAN:    It takes more than four  
4     minutes to worry about it. Let us proceed. Go  
5     ahead.

6           PROF. JACKSON:    In that case, may I make  
7     three requests of you. Is that in order, sir?

8           THE CHAIRMAN:    Yes, what are they?

9           PROF. JACKSON:    I should like to ask, if  
10    you would be good enough, to put three questions  
11    to Mr. Irving. The first is, were the two ships,  
12    which are the relevant ships discussed, the Irving-  
13    brook and the Irvinglake, repaired in a shipyard  
14    called Steel & Engine Products in Liverpool, Nova  
15    Scotia? That is not a shipbuilding yard.

16          COMMISSIONER WICKWIRE:   What is it, Dr.  
17    Jackson?

18          PROF. JACKSON:    That is an engineering  
19    works which cannot take a ship out of water, but  
20    it can do work on a ship above the waterline.  
21    It is not a member of the Shipbuilders Associa-  
22    tion.

23          I will ask you, sir, if you will find out  
24    whether the business concerned in the state-  
25    ments by Mr. Irving is the Steel & Engine Pro-  
26    ducts at Liverpool, which is not a shipbuilding  
27    yard, whether one of the Directors is a Mr. K.  
28    C. Irving, and whether the Mr. K.C. Irving, who  
29    is said to be a Director of that company, is  
30    the Mr. K.C. Irving who, naming no names, made







1 this imputation on the shipyards of Canada three  
2 or four days ago.

3 THE CHAIRMAN: Proceed.

4 PROF. JACKSON: Thank you, sir.

5 Now, sir, when we plead that -- by the way,  
6 may I ask you, Mr. Chairman, if you wish to rise  
7 now in three or four minutes? I have not finished.  
8 I did not know whether you would like to go on or  
9 not.

10 THE CHAIRMAN: You were going to read some  
11 telegrams.

12 PROF. JACKSON: I thought you told me not  
13 to.

14 THE CHAIRMAN: No, I said go ahead.

15 PROF. JACKSON: I am sorry, Mr. Chairman,  
16 I thought I was forbidden to read them.

17 THE CHAIRMAN: No.

18 PROF. JACKSON: The first telegram is from  
19 the Saint John Dry Dock Company Limited. It  
20 says:

21 "RETEL WE WERE NOT ASKED TO QUOTE ON  
22 "RUDDER REPAIRS ON IRVING BROOK IN  
23 "NINETEEN FIFTY FIVE NOR DID WE GIVE AN  
24 "ESTIMATE OF TIME REQUIRED TO DO WORK  
25 "STOP WE WERE NOT ASKED TO QUOTE ON  
26 "INSTALLATION OF ENGINES IRVING LAKE  
27 "IN NINETEEN FORTY NINE NOR DID WE  
28 "GIVE AN ESTIMATE OF TIME TO DO JOB"

29 The second telegram is signed by R. Nelson of  
30 Halifax Shipyards Limited, and says:





1 "IRVING BROOK WE CARRIED OUT TEMPORARY  
2 "REPAIRS NO QUOTE OR TIME IN PERMANENT NO  
3 "DRYDOCKS AVAILABLE --- "

4 I am sorry, the sense of this is a little diffi-  
5 cult because of the thing being written in tele-  
6 graphese.

7 "IRVING BROOK WE CARRIED OUT TEMPORARY  
8 "REPAIRS NO QUOTE OR TIME ON PERMANENT  
9 "NO DRYDOCKS AVAILABLE AT THAT TIME STOP  
10 "IRVINGLAKE WE HAVE NEVER SUBMITTED PRICE  
11 "FOR INSTALLATION OF NEW MACHINERY WE HAVE  
12 "GIVEN A QUOTATION FOR THE INSTALLATION  
13 "OF CIRCULATING PUMP BUT AS YET WE HAVE  
14 "TO SEE THE PUMP STOP".

15 The third telegram is signed by J.B. Ferguson of  
16 Ferguson Industries Limited, and it says:

17 "RE YOUR TELEGRAM NO REQUEST EVER RECEIVED  
18 "FOR ENGINE INSTALLATION IRVINGLAKE"

19 The fourth is from Mr. Black of Davie Shipbuilding  
20 Limited, and it says:

21 "REURTEL IRVING REPAIR WORK WE WERE NOT  
22 "INVITED TO QUOTE ON EITHER OF THE TWO  
23 "JOBS MENTIONED"

24 Finally, I have a telegram from Mr. A.L. Simard  
25 of Marine Industries Limited:

26 "HAVE NO RECORD BEING ASKED FOR QUOTA-  
27 "TION FOR RUDDER REPAIRS IRVINGBROOK  
28 "IN 1955 NOR FOR INSTALLING ENGINES  
29 "IRVINGLAKE IN 1949".

30 THE CHAIRMAN: You left one out.





1 You left two out, I beg your pardon, Vickers and  
2 Davie Shipbuilding.

3 MR. LOWERY: We are in there, Mr. Black.

4 THE CHAIRMAN: George Davie, the other one.  
5 I happen to know that George Davie did some work  
6 for Irving at one time or the other.

7 MR. LOWERY: He built a ship for him, sir.

8 PROF. JACKSON: I beg your pardon, sir.  
9 I have a telegram from Mr. Andre de La Grave of  
10 Geo. T. Davie and Sons Limited:

11 "REURTEL OUR YARD DID NOT GIVE THE TIME  
12 "ESTIMATE QUOTED BY K C IRVING ON IRVING-  
13 "BROOK OWNERS DID NOT CONTACT US ON THIS  
14 "JOB STOP WE DID NOT QUOTE TIME AND COST  
15 "INSTALLING ENGINES IRVINGLAKE IN 1949  
16 "FOR SAME REASON AS ABOVE"

17 I thought I had with me a telegram of Canadian  
18 Vickers. Have I passed that by in my hurry? I  
19 did not see it here.

20 COMMISSIONER WICKWIRE: Is there a yard  
21 at Matagan, Prof. Jackson, in Nova Scotia?

22 MR. McLAGAN: There was during the war.

23 PROF. JACKSON: Not now to my knowledge,  
24 sir.

25 COMMISSIONER WICKWIRE: It seems to me the  
26 Clarke Steamship people gave some evidence in  
27 Montreal about having a ship over there ---

28 MR. McLAGAN: They did.

29 PROF. JACKSON: I do not know whether  
30 it is still in existence or not. I do not







1 know whether they are still down there.

2 COMMISSIONER WICKWIRE: They are not  
3 members of your Association?

4 PROF. JACKSON: No, sir.

5 I have another telegram. I have the Vickers  
6 telegram, sir.

7 "RETEL WE WERE NOT ASKED TO TENDER FOR

8 "RUDDER REPAIRS ON IRVING BROOK IN 1955

9 "NOR FOR INSTALLING ENGINES ON IRVING

10 "LAKE IN 1949"

11 We have now, to the best of my knowledge, complete  
12 denials in respect of both ships from all of  
13 the shipyards in Eastern Canada from Montreal to  
14 Saint John, New Brunswick and I leave with you,  
15 sir, the suggestion that you put these questions  
16 to Mr. Irving in due course.

17 I should like to ask, sir, if I may be  
18 given an interval of some time because this is  
19 a somewhat lengthy physical ordeal and I still  
20 have more to say.

21 THE CHAIRMAN: How much longer will you  
22 be?

23 PROF. JACKSON: Well, I am bound to take  
24 some time because I wish to talk about Newfound-  
25 land. I wish to say more about the attitude  
26 of the Great Lakes shippers and something more  
27 about the Pacific. I do not think I can pos-  
28 sibly finish before hunger drives the Commission  
29 off for lunch.

30 THE CHAIRMAN: No, I was not attempting





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1

2 that. We will adjourn until 2.15.

3

4 ---The hearing recessed at 12.55 P.M.

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(Page 5790 follows)

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AY AA  
.Y.

1 ---Upon resuming at 2.15 P.M.

2  
3 THE CHAIRMAN: Professor Jackson.

4 PROF. JACKSON: Mr. Chairman, I began this  
5 morning with an apology for the fact that I was  
6 going to take up a great deal of the Commission's  
7 time and be somewhat tedious. I should like to  
8 apologize again for the fact that I am doing that  
9 at such length, but I expect to apologize a third  
10 time when at long last I come to the end for  
11 having taken up so much of your time, but I  
12 promise I will do that as fast as I can.

13 So far we have rested our case on what we  
14 believe to be the basic consideration, which is  
15 the consideration of defence. If I had any  
16 responsibility for shaping Canadian policy directly,  
17 that would weigh with me far more than any con-  
18 sideration of any kind which could be adduced  
19 alongside it.

20 However, I would like to say something  
21 more about the value to this economy of ours  
22 of the Canadian shipyards, and here I want to do  
23 it by quotation. I want to say first, speaking  
24 as the spokesman of the industry, that no  
25 shipbuilding industry can be said to have come  
26 of age until it can create new types of ships.  
27 In World War I our job was to make Chinese  
28 copies of ships designed in Britain. We had  
29 materials and power and we could do work of a  
30





1 certain degree of complexity, and we turned out  
2 such ships as we could turn out as fast as we  
3 were able. In World War II we did what a teacher  
4 would call more advanced work, but we began World  
5 War II by making Chinese copies and it was certainly  
6 not until World War II had dragged its weary  
7 length a long way that we began to stand on our  
8 own feet in matters of designing. We have at  
9 last come to the stage where we can create new  
10 types of ships and we have just created, in the  
11 St. Laurent, a new type of ship about which you,  
12 Mr. Chairman, know very much more than I do, but  
13 which I believe to be not only one of the two or  
14 three most modern warships in the world but, after  
15 the first atomic submarine, perhaps the most  
16 complex warship, demanding the greatest assemblage  
17 skills and abilities on the part of the men who  
18 created the design and then executed it. Perhaps  
19 it is therefore proper to claim now that our  
20 shipbuilding industry has at last come of age.  
21 It is not young. The Commission knows that 100  
22 years ago Quebec was a great shipbuilding port,  
23 and a very large part of the population there  
24 made its living by building ships, and a  
25 substantial part of the merchant marine of  
26 Great Britain was Canadian built. Then the  
27 coming of the iron ship and steamship washed  
28 that out because the Canadian industry consisted  
29  
30





1 of the building of wooden ships. Now we are back  
2 starting again doing the most elementary work,  
3 and at last, in the 1950's, it has come of age.  
4 That, I submit, has a meaning much wider than  
5 within the confines of the shipbuilding industry.  
6 Because here he has said what needs to be said  
7 so much better than I can possibly do it, I draw  
8 your attention back to the testimony given in  
9 Victoria, and I turn to Volume 6 of the trans-  
10 cript, page 1965, when Mr. Husband is giving  
11 evidence. Mr. Husband said, in part:

12  
13 "In developing the designs of these  
14 "new ships Canadian technical men are solving  
15 "problems which we in Canada have never  
16 "attempted to do before. Many of these  
17 "technicians are employed in industry at  
18 "points remote from the shipyard areas.  
19 "Manufacturing facilities have been set  
20 "up in Canada which never before existed  
21 "and which could not have appeared had  
22 "it not been for the development of this  
23 "naval work. These facilities are required  
24 "for the development of equipment which was  
25 "never manufactured before in Canada,  
26 "and we in the industry have been forced  
27 "to solve new problems in engineering,  
28 "metallurgy, electronics, ballistics,  
29 "communications, navigation, and strength  
30







1 "of materials in order to complete these  
2 "new ships. The value of this work goes  
3 "far beyond the mere construction of the  
4 "naval units. This benefit is proved by  
5 "the great technological advances which  
6 "have emerged into commercial side lines to  
7 "the benefit of the whole population of  
8 "Canada. A dormant shipbuilding industry  
9 "is unthinkable. No one questions the  
10 "necessity of an electronics or aircraft  
11 "industry, but for some unaccountable  
12 "reason some people do not feel the same  
13 "about shipbuilding, yet the development  
14 "problems, the benefits, and the results  
15 "in the side lines that develop are the  
16 "same as from the electronics and aircraft  
17 "industries."

18  
19 "Mr. Chairman, the present world  
20 "situation as we see it is due to the  
21 "strength of the Western nations rather  
22 "than anything else, and if there are  
23 "peaceful overtures being made..."

24 This was at the time of sweetness and light  
25 in Geneva last summer which some people took  
26 more seriously than others.

27  
28 "...at this time we believe it is because  
29 "the Western nations are strong, but  
30 "until these hopes for peace become





1 "realities we feel that Canada must retain  
2 "at least her ability to convert to a war  
3 "footing in the event of unforeseen de-  
4 "terioration in international affairs.  
5 "If, in spite of universal hopes, war does  
6 "break out, British Columbia shipyards will  
7 "be called upon to do a job that will dwarf  
8 "their efforts in World War II."

9  
10 For the moment I am not pleading for  
11 British Columbia. I am talking about the influence  
12 of this industry on Canada as a whole. The passage  
13 which I have just read mentions electronics and  
14 mentions the aircraft industry, particularly  
15 aeronautical engineering. I submit there are  
16 certain industries, and perhaps these three are  
17 the three -- the electronics industry, the industry  
18 of aeronautical engineering which has created the  
19 CF-100 and has now created the CF-105 about which  
20 nobody knows anything, except a few people,  
21 and the shipbuilding industry; and these three  
22 industries are pathfinders in this sense, that  
23 they create skills and they give experience and  
24 they employ and train men who subsequently  
25 permeate our industrial structure, and it is  
26 reasonable to suppose that Canada with a developing  
27 and absolutely first-rate electronics industry,  
28 and developing an absolutely first-rate  
29 aeronautical industry and developing an  
30

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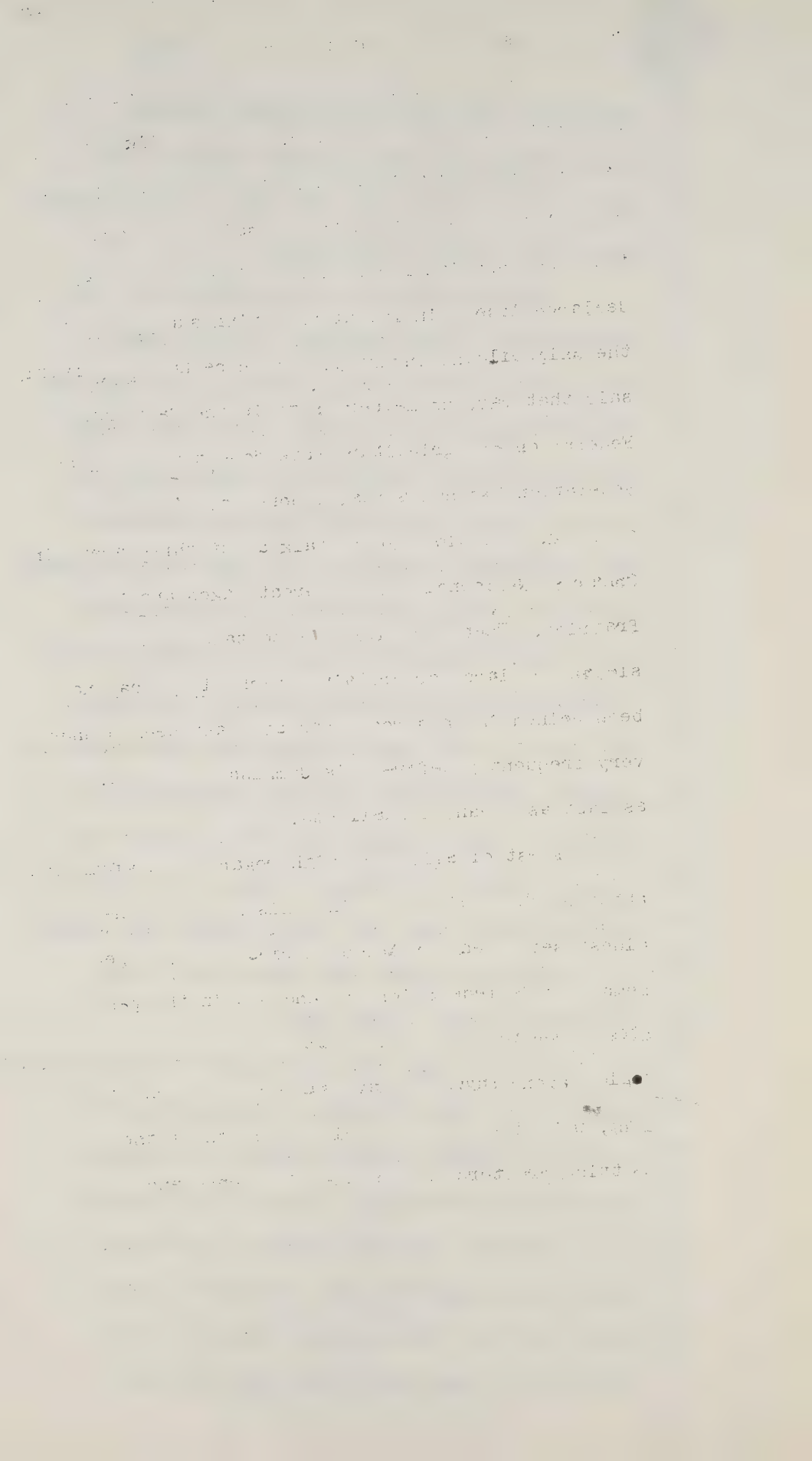




1 absolutely first-rate shipbuilding industry,  
2 particularly naval shipbuilding industry, that  
3 all of us in this country will gain by the presence  
4 amongst us of these pathfinders.

5 Let me turn now to some geographical con-  
6 siderations. First, however, I should like to  
7 make a small correction in justice to Dr. Hope who  
8 brought to my attention that I said this morning  
9 that the Canadian Federation of Agriculture has  
10 declared itself in favour of giving subsidies to  
11 the shipbuilding industry. Dr. Hope has very fairly  
12 said that various member units in the Canadian  
13 Federation of Agriculture have done that, but the  
14 Federation has not actually done so. As briefly  
15 as I can I should like to talk about three areas in  
16 Canada: Newfoundland, the Great Lakes and the  
17 Prairies. Then I should like to talk about the  
18 slogan "dollars for Britain" which, if it has not  
19 been coined in this room, has at least been sounded  
20 very frequently before this Commission. Then,  
21 as fast as I can, I shall end.

22 First of all, sir, with regard to Newfoundland  
23 about which I said something this morning, the  
24 oldest settlement in North America, the youngest  
25 member of Confederation, a land within the past  
26 with a record of poverty such that perhaps no  
27 Anglo-Saxons anywhere have suffered so much so  
28 long, with the just possible exception of the  
29 Scottish crofters who in the eighteenth and  
30





1 nineteenth centuries finally decided Canada was  
2 for them and came and carved fortunes for them-  
3 selves in Canada, mostly on the prairie. Here is  
4 this new province added to the nine provinces  
5 already in Confederation, much the poorest of  
6 them all. We have put in evidence an Exhibit,  
7 No. 166, in order to see what has happened to  
8 Newfoundland since she came into Confederation.  
9 I will not recite these figures, which are familiar  
10 to the Commission. I will only remind them that  
11 as regards the total of personal incomes in  
12 Newfoundland since 1949 it has risen faster than  
13 the total of personal incomes in any one of the  
14 three other Maritime provinces or in the whole of  
15 Canada taken as one; that the population of  
16 Newfoundland has grown faster than the population  
17 of any one of the other three Maritime provinces  
18 or the whole of Canada; and that the average of  
19 personal incomes per head has risen faster than  
20 any of the other three Maritime provinces and  
21 very considerably faster than the average for  
22 all Canada. The Newfoundlanders, as nice a  
23 people as one could want to find anywhere,  
24 still are very poor children of Canada, but we  
25 may record with satisfaction the fact that  
26 Confederation has been good for Newfoundland,  
27 and that Newfoundland is considerably better  
28 off than she was a very short time ago.  
29 Newfoundland today presents a curious spectacle.  
30





1 Here is a land with this background of almost  
2 incredible poverty, advancing fast today, and  
3 which is undergoing a general industrial revolution.  
4 Like all industrial revolutions, this one is  
5 greatly benefitting a section of the population  
6 and passing other sections by. Here -- and I  
7 speak without knowledge -- the population in the  
8 Newfoundland outports is not noticeably better  
9 off than it was before. On the other hand, even  
10 in the fishing industry you have an extra\_ordinary  
11 up-to-date and efficient and modern packing  
12 plant at Jobs with its trawlers bringing in  
13 its own fish to be processed instantaneously  
14 while completely fresh, and with a very rapidly  
15 developing business in fresh filleted fish.

16 Elsewhere in Newfoundland you have the  
17 curious phenomenon which one sees in a good  
18 many place in Canada; that is, a small unit  
19 of population which nevertheless has certain  
20 very large and successful businesses in it.  
21 By way of example I should like to refer to  
22 three of these businesses: Bowaters, New-  
23 foundland Pulp and Paper Mills Limited,  
24 Anglo-Newfoundland Development Company Limited,  
25 and Dominion Steel and Coal Corporation Limited.  
26 Bowaters, I believe, the largest undertaking  
27 in the world making newsprint and at the  
28 present time going ahead on a great scale.  
29 Anglo-Newfoundland Development Company Limited,  
30







1 smaller and less impressive looking than Bowaters,  
2 but with widespread international interest and a  
3 great record in Newfoundland. Dominion Steel and  
4 Coal Corporation Limited, whose headquarters is on  
5 the mainland, nevertheless is one of the great  
6 corporations in Newfoundland as well.

7 In another exhibit, Exhibit No. 216 --  
8 and here again I do not propose to throw any  
9 figures at the Commission this afternoon, or at  
10 least scarcely any figures -- we have some sup-  
11 plementary information regarding the waterborne  
12 trade of Newfoundland. I bring these to the  
13 Commission's notice because we have had a picture  
14 drawn for us in Newfoundland, as in a good many  
15 sections of Canada, of producers living very close  
16 to the margin and all these marginal producers  
17 being in a position of where a very little dif-  
18 ference in freight rates ~~up~~ or down might entirely  
19 reverse their fortunes. I should like to call to  
20 the attention of the Commission, and I think  
21 these figures which we have filed in Exhibit 216  
22 make this evident, that the great bulk of the  
23 waterborne trade of Newfoundland consists in  
24 the movement of bulk products by producers of  
25 whom some no doubt are marginal producers,  
26 but that the big factors in Newfoundland in-  
27 dustry cannot fairly be described as such,  
28 and I would like to ask the Commission in  
29 making whatever findings they are going to  
30





1 make in regard to Newfoundland to have due regard  
2 to the fact that a very large proportion of those  
3 shipments are shipments of successful companies  
4 to whom everyone must feel goodwill, and companies  
5 who would be quite misrepresented if one represented  
6 them as marginal producers. There is a possible  
7 exception in the case of Dominion Steel and Coal  
8 Corporation. I make just two observations con-  
9 cerning DOSCO: the first is that DOSCO is very  
10 heavily subsidized by the Dominion Government,  
11 and that any situation which is based on the  
12 desire to give DOSCO the cheapest water trans-  
13 portation possible at all costs, and at the cost  
14 of other Canadians, is a request by DOSCO for  
15 the maintenance of a situation favourable to the  
16 company on top of and in addition to the subsidies  
17 paid by Canadian taxpayers generally which DOSCO  
18 receives. Secondly, I bring to the attention  
19 of the Commission the fact that DOSCO's troubles  
20 are to no small extent due to absenteeism on  
21 the part of miners in DOSCO's employ, an absenteeism  
22 which, so far as I know, cannot be matched else-  
23 where in this country, and if DOSCO were getting  
24 the 200,000 tons or more which she now loses  
25 as a result of absenteeism she may have some-  
26 what less reason to plead poverty before this  
27 or other Royal Commissions.

28 I referred this morning to the submission  
29 last week of Furness Withy, a submission in  
30







1 which Furness Withy can take great pride, and in  
2 which I think Canadians can take great satisfaction  
3 too. I said that we recognize within the ambit  
4 of the two requests with which our brief begins  
5 the right during the lifetime of any ship of  
6 British Registry engaged at present in Canadian  
7 trade to remain in it for the term of its natural  
8 life. Subject to what was said this morning about  
9 the chartered vessels carrying coal, I submit that  
10 our proposals mean laying no burden on the New-  
11 foundlanders which does not rest on them now, and  
12 in addition to the factual information which we  
13 put forward in Exhibit 166 I should like to call  
14 the Commission's attention, if I may, to the  
15 prospects at present before Newfoundland which  
16 is summarized in the brief of the Newfoundland  
17 government to the Royal Commission on Canada's  
18 Economic Prospects. I quote from the document,  
19 which is filed with the Commission and which is  
20 a photostatic reproduction of the brief filed  
21 by the Newfoundland government, a brief which  
22 is the more interesting because it breathes an  
23 air of confidence as to the future of Newfoundland  
24 which is singularly lacking in the brief put  
25 before this Commission by the government of  
26 Newfoundland and in the statements made before  
27 this Commission by the Premier of Newfoundland  
28 and other spokesmen for that province. I  
29 quote particularly from page 155 of the  
30





1 Newfoundland government's submission to this other  
2 Royal Commission with a view to showing what  
3 prospects the Newfoundlanders themselves can see  
4 in front of that now rapidly developing province.  
5 On that page the report says:

7 "Important as the primary and export  
8 "industries will be in increasing employ-  
9 "ment and income in Newfoundland, the greatest  
10 "over-all expansion will probably take place  
11 "in secondary economic activity, that is,  
12 "in those industries which serve the primary  
13 "or export industries and the people they  
14 "employ. It is probable that the ratio of  
15 "primary to secondary employment and invest-  
16 "ment in Newfoundland has always been very  
17 "much higher than the corresponding ratio  
18 "in Canada as a whole. With the very low  
19 "productivity of the fisherman, the fishing  
20 "community could only support a minimum  
21 "of secondary activities. An increase  
22 "in productivity and incomes will enable  
23 "the community to devote more economic  
24 "resources to such things as electricity  
25 "and electrical appliances, better housing,  
26 "entertainment, and automobiles. In other  
27 "words, whereas the typical outport of  
28 "the past boasted one store and, normally,  
29 "one school and one church, the fishing  
30





1 "communities of the future will have theatres,  
2 "garages, water and sewerage plants, com-  
3 "munity centres, cold storage plants,  
4 "market farms, barber shops and beauty  
5 "parlours, and so on.

6 "The only secondary activity which  
7 "has been examined in any detail in this  
8 "submission is the generation of electrical  
9 "energy, and it has been shown that present  
10 "trends point to a six hundred per cent  
11 "increase in other uses of electricity in  
12 "the next twenty-five years. If this estimate  
13 "seems high, it is well to bear in mind  
14 "that the central electric power stations  
15 "in Newfoundland are now trying to cope  
16 "with a fifteen per cent annual compounded  
17 "increase in electrical consumption. If  
18 "the future of such businesses as electrical  
19 "appliance stores, theatres, garages, and  
20 "restaurants were looked into, it would  
21 "in all likelihood be found that prospects  
22 "for growth are almost as great.

23 "While our analysis shows that the  
24 "prospects of the private sector of the  
25 "Newfoundland economy are very promising."

26  
27 I turn now, sir, and very briefly, to the  
28 Pacific Coast, and just as the role of Vancouver  
29 and Victoria on the Pacific Coast is not dis-  
30 similar to the role of Halifax and St. John,







1 New Brunswick on our Atlantic Coast, so to me the  
2 problem constituted by water transport on the  
3 Pacific Coast seems to me fairly parallel with  
4 the problem constituted by water transport around  
5 Newfoundland in particular, with the difference of  
6 course that the Pacific Coast is already very much  
7 more prosperous than Newfoundland is or can be in  
8 any reasonable time. The Pacific Coast has today,  
9 so far as one can tell, the highest standard of  
10 living in Canada, and does business successfully  
11 despite the fact that it has the highest rate of  
12 wages in Canada in most trades. Here again, sir,  
13 analyse the statistics of tonnage of various  
14 categories of goods in the coasting trade of  
15 British Columbia and it becomes obvious that by  
16 far the greater part -- I think I can say almost  
17 the whole without fear of exaggeration -- consists  
18 of primary products shipped in bulk. Members  
19 of the Commission who have seen everything in  
20 this country pertinent to this inquiry from the  
21 Atlantic to the Pacific are familiar with the  
22 system of moving these bulk goods in the water-  
23 ways, mostly sheltered, of British Columbia.  
24 Here you have an operation with tugs and scows  
25 and barges of extraordinary economy. It is  
26 an operation not unlike the navigation in peace  
27 time of the Rhine, its tributaries and its  
28 artificially created canals which gave Germany  
29 during three-quarters of a century the cheapest  
30





1 system of transportation in Europe and which did  
2 so much to build up Germany's industrial potential  
3 and Germany's war-making potential too. Here is  
4 a system by means of which the ship's engines in  
5 the tug, and the ship's hold in the barge or  
6 scow, can be separated so that the tug can be  
7 employed like a taxi cab. I don't know whether  
8 they have the two-way radio which the taxicabs  
9 have nowadays, but the scow or the barge can be  
10 dropped where it is going to be filled, the ship's  
11 engine need not idle for a moment but can be  
12 off on a message quickly received to the next place  
13 where scows and barges, perhaps loaded, have to  
14 be picked up. There must be no more economic  
15 operation in the handling of bulk goods, I should  
16 suppose, anywhere in the world than this operation  
17 which we are looking at for the moment. We have  
18 heard something in the sessions of the Commission  
19 about the marginal producers of British Columbia,  
20 and some of it has been calculated to ring the  
21 withers, but I, personally, have shed no tears  
22 into my beard. I have in front of me the state-  
23 ment of three of the largest corporations which  
24 between them move a very large proportion of  
25 these bulk commodities. These corporations  
26 are the Powell River Company Limited, in the  
27 newsprint business, British Columbia Forest  
28 Products Limited, and MacMillan and Bloedel  
29 Limited. I have not one word to say in  
30







1 derogation of the merchant princes of the Pacific  
2 Coast and the great entrepreneur in the Pacific  
3 Coast industries. These are grand men; they are  
4 grand Canadians and they have done a magnificent  
5 job in the building of their province, and they  
6 have done a magnificent job in the building of  
7 their country, and everyone in Canada should hold  
8 their names in honour. However, to talk about  
9 these operations as being marginal and being  
10 threatened with arrest or extinction -- "supposing  
11 something happens which might in time raise some-  
12 what the cost of shipping these bulk commodities"--  
13 does not impress me very much. It may make more  
14 of an impression on you.

15 I go back to the British Columbia evidence,  
16 and here I quote from memory; I am not proposing  
17 to read from the record, but speaking from memory,  
18 deponents before this Commission acknowledged  
19 that something like 3 per cent of the delivered  
20 cost of the logs and pulp and so on to be moved  
21 might be represented by the cost of moving these  
22 goods. Speaking again from memory, the counsel  
23 for the Commission said, "Well now, we are talking  
24 about a possible increase in the cost of moving  
25 these goods which may be of the order of 10  
26 per cent or something like that. If this figure  
27 which you name, 3 per cent, is a reasonably  
28 correct figure, and if the Commission were to  
29 recommend something and the government implements  
30





1 that recommendation so that the cost of moving  
2 these commodities were to be raised by 10 per  
3 cent, that is to say, by something like .3 of  
4 one per cent of the delivered price of the commodity,  
5 would that make very much difference to your  
6 capacity for marketing these goods and remaining  
7 in business?" I do not press the point but I  
8 merely recall to the Commission their own inquiries  
9 on this and suggest that here again there has  
10 been a good deal more talk about marginal pro-  
11 ducers than the circumstances justify.

12 Before I pass on, may I remind the Commission  
13 of another thing, and that is in reference to  
14 the Pacific Coast which in the interest of the  
15 survival of Britain and Canada is, I believe,  
16 as important a position for the location of  
17 shipyards as any position which could be found  
18 anywhere in the Dominion of Canada. The great  
19 threat to the shipyards of British Columbia,  
20 as members of the Commission know, does not  
21 consist in the intervention of ships from  
22 overseas of British Registry. Rather it  
23 consists in the importation of vessels bought  
24 at bargain sales in the United States, largely  
25 but not altogether because the United States  
26 government has been getting rid of war surplus  
27 at any price which would get the stuff off  
28 their hands for a very considerable time.

29  
30 THE CHAIRMAN: Is that so at the present





1 time? I understood it was so until some recent  
2 years, but there hasn't been anything imported of  
3 recent years except hulks to be turned into barges  
4 in British Columbia yards, the cost of the re-  
5 construction far exceeding the cost of the hulk,  
6 which has been business for British Columbia yards,  
7 and if it were not procured certainly would not  
8 be duplicated in British Columbia yards because  
9 no-one would think of spending the necessary money  
10 to build those barges new either in British Columbia  
11 or Great Britain or any place else.

12  
13 PROF. JACKSON: With great deference, sir,  
14 <sup>two</sup>  
15 the first of those/statements is obviously so,  
16 and of course the more eager the United States  
17 government to get rid of its war surplus hulks,  
18 ships' hulls, the sharper the contrast between the  
19 trifling prices the buyer pays for the hull and  
20 the price he necessarily must pay to have it re-  
21 conditioned and its contents taken out in order  
22 that it may become a barge in British Columbia  
23 waters. But, when you tell me that if these  
24 barges could not have been procured by this means  
25 they would not have been procured --

26 THE CHAIRMAN: Well, I am not inventing  
27 that. That was said in British Columbia.

28 PROF. JACKSON: I do not challenge that  
29 for a moment, sir, but surely a statement made  
30 on one of richest coasts in the world by people  
who have been doing a very profitable job on







1 an increasing scale for a very long time, that if  
2 they could not have bought these hulls for nearly  
3 nothing they would not have procured the barges,  
4 is the sort of statement I would not like to make  
5 in the presence of a judge.

6 THE CHAIRMAN: Well, if it was a question  
7 of not carrying on the trade unless they procured  
8 the equipment, that would be a different matter,  
9 but the trade was carried on before and after.  
10 The use of the barge obtained at the cost that  
11 it was obtained was simply more efficient than the  
12 rafting system, but if the barge equipment had  
13 cost three or four times, completed and ready for  
14 work, what it did cost it would have been less  
15 efficient than the rafting system.

16 PROF. JACKSON: If the barge had cost  
17 three or four times that, it may have been less  
18 efficient, but it is claimed by the ship  
19 builders that if they had built barges and  
20 designed those barges for the needs of the  
21 business they would have got barges which would  
22 have been very much more efficient capital  
23 instruments than the lock, stock and barrel  
24 hulls imported from the United States, and  
25 it seems to me -- and I say this humbly and  
26 with great deference -- you have the word of  
27 the ship builders against the word of the  
28 buyers of those hulls, and I accuse no one  
29 of bad faith --  
30





1 COMMISSIONER WICKWIRE: Someone has fallen  
2 down in public relations if what you say is so.

3 THE CHAIRMAN: I don't remember any  
4 particular complaint from the British Columbia  
5 ship builders as to those barges, for the simple  
6 reason they had such large reconstruction jobs  
7 on them.

8 PROF. JACKSON: Well, it is true, even  
9 in the shipbuilding industry that half a loaf is  
10 better than no bread at all.

11 THE CHAIRMAN: Had they been successful in  
12 defeating the importation of them I suggest they  
13 would have no bread.

14 PROF. JACKSON: Well, I suggest that is a  
15 very conditional remark.

16 THE CHAIRMAN: Well, there is very little  
17 of this that we know. As I said very early in  
18 our proceedings, we are going to have to have  
19 some very clear crystal balls, and I am still  
20 of that opinion notwithstanding all the elucidating  
21 evidence we have heard in the meantime.

22 PROF. JACKSON: We have tried, sir, to  
23 make no statements which we do not back with  
24 documentary evidence. You said yesterday you  
25 could not take statements on oath because there  
26 were so many matters of opinion mixed up with  
27 what witnesses said, but virtually every state-  
28 ment I do believe that has been put in by the  
29 Shipbuilders Association has a documentary  
30





1 source which proves its authenticity, though  
2 the maker of the statement was not sworn. I  
3 won't dwell on it because I may very soon annoy  
4 you if I did, but it seems to me we are in danger  
5 here of mixing positive statements of fact along  
6 a very wide sector of the ground to be covered  
7 by the Commission with statements made by witnesses  
8 who could not establish fact and who therefore  
9 put before the Commission statements which the late  
10 President Roosevelt would have described as being  
11 more than slightly "iffy". I am only drawing  
12 the distinction between the "iffy" statement and  
13 the statement which is cold and which can be  
14 substantiated without any doubt whatever.  
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1                   PROF. JACKSON: Now, sir, I have dwelt on  
2 that at too much length and I apologize.

3                   Now, we come to the Prairies on which we have  
4 heard a great deal from a number of witnesses.

5                   My mind goes back to the session in Toronto  
6 where Dr. Hope proved to his own satisfaction, and  
7 I do not comment on his economic analysis, that in  
8 the pattern of traffic which one can expect in the  
9 Great Lakes, after the canals have been deepened,  
10 the Canadian bulk carriers looking for grain will  
11 be compelled to carry Canadian grain down the  
12 Lakes and St. Lawrence at bare cost with no  
13 possibility of a profit to themselves.

14                   That caused a lot of talk of the same kind  
15 by witnesses who perhaps did not make quite the  
16 same statement, but there has been on the part of  
17 those who have spoken for the West great zeal in  
18 trying to see that grain shipped is carried at the  
19 least possible cost imaginable, no matter what  
20 might be the surrounding circumstances. That,  
21 I find quite extraordinary, more especially since  
22 the West is in favour of competition, and the  
23 maximum possible, whatever the social cost is,  
24 in order to bring them a highly desirable result.

25                   I do wish not to be thought irrelevant  
26 if I bring in a consideration which at first  
27 seems somewhat distant.

28                   There is in existence an agreement, the  
29  
30





1 Crows Nest Pass Agreement, as a result of which  
2 the oldest fixed price in the world is the price at  
3 which grain is moved out of the Canadian West to  
4 the Lakehead. That price has been fixed for 50 years,  
5 during which there have been two world wars and  
6 various inflations, and during which the levels of  
7 costs and prices generally have increased between  
8 three and four times, and as a result of which we  
9 have the curious paradox in this country, where  
10 Western influence has successfully kept this fixed  
11 price, which goes back so far a time, while the rates  
12 of carriage of goods in Eastern Canada has from time  
13 to time raised to the point where the Prime Minister  
14 of this country told the House of Commons we had  
15 reached the stage at which these rates could be  
16 raised no more without killing the goose which  
17 lays the golden eggs, and destroying the traffic  
18 as fast as the traffic rate per ton is raised.

19 We have now 450,000 members of the working  
20 force of railways in Canada who are demanding a  
21 wage increases, which in the light of wage increases  
22 other people receive, looks not unreasonable, but  
23 on the grounds stated on another occasion by the  
24 Prime Minister, it means we do not receive revenue  
25 from the railway traffic to meet these demands.

26 We have the paradox that a large part of  
27 the population of the three Prairie Provinces,  
28 and the great interests which speak for them,  
29 on Monday, Wednesday and Friday, are in favour of  
30 the oldest fixed price in the world because it





1 keeps down the cost of transporting their products,  
2 and on Thursday, Saturday and Tuesday they are in  
3 favour of competition in that it will have the effect  
4 of giving them a cheaper rate for water carriage of  
5 grain than they could possibly receive otherwise.

6 I won't comment further on that situation,  
7 which is a situation with which everyone in this room  
8 is familiar.

9 I had the good fortune years ago to enjoy  
10 the friendship of a very great man, John W. Dafoe,  
11 who was a very blunt man, and said the most  
12 terrible things about his friends, but who had the  
13 merit of saying them to their faces and not behind  
14 their backs, but I loved the old man, and in looking  
15 at the curious paradox today I cannot help but think  
16 what old John Dafoe, if he were in this room, and  
17 he may not be very far away from it, must be  
18 thinking of the very logical position into which  
19 the members of his constituency have gotten themselves.

20 In the county I came from, in the Old  
21 Country, there is a proverb, "You cannot have  
22 your cake and eat it", which I think explains  
23 itself. No people in history have ever made a  
24 greater effort to have their cake and eat it  
25 than the grain interests of the three Prairie  
26 Provinces.

27 Now, sir, I am nearing the close, and you  
28 will be thankful for that, but I am thinking of  
29 the dollars for Britain slogan. Here again we  
30 have two exhibits which were numbered 97 and 98







1 which were presented to the Commission I believe  
2 in Montreal. This dollars for Britain slogan has  
3 been repeated by a great many people. It was raised  
4 first of all, I think, by Dr. Solomon at the session  
5 at Winnipeg, and Dr. Solomon stated forthrightly  
6 if we were to restrict the coasting trade as the  
7 Shipbuilders' Association has asked Canada to do,  
8 we should be reducing thereby the purchases of  
9 Canadian wheat by Great Britain. Dr. Solomon  
10 was quite sure on this point.

11 The session covered so much ground and lasted  
12 so long I was not able to question him myself about  
13 it until five minutes before the Commission was  
14 due to rise, and I thought at the time this occurred  
15 I acquired some little merit with the Commission  
16 because I did detain the Commission five minutes  
17 and not six minutes. In the result we were in  
18 the position that Dr. Solomon virtually made a  
19 statement which I developed not to be in  
20 accordance with the facts but I was not able to  
21 ask him any questions as a result of which I  
22 might have made that evidence with the members of  
23 the Commission.

24 This has come up many times, and I think  
25 my learned friend Mr. Shepard said the same thing  
26 in this room yesterday. It has been talked about  
27 by another distinguished counsel who appeared  
28 before the Commission, Mr. Dixon, and here if I  
29  
30





1  
2 may say so, many millions of words, or whatever  
3 number have been spoken before the Commission, of  
4 them only some 1,500 have been spoken by Mr. Dixon  
5 altogether. Mr. Dixon was speaking, I think, for  
6 the British Steamship interests.

7 MR. DIXON: Excuse me, if I may say so,  
8 Mr. Chairman, my friend is going well outside his  
9 function. The Commission is not entitled to  
10 criticize me because I have not talked a lot.

11 THE CHAIRMAN: The Commission is not  
12 criticizing you. It is perhaps grateful to you.

13 PROF. JACKSON: Sir, it was far from my  
14 intention to offer any criticism. It was my view  
15 we should have heard more. That is what I am  
16 endeavouring to say. I do very sincerely apologize  
17 because that is exactly opposite from what I intended  
18 to convey. I was about to say with great sincerity  
19 that I heard Mr. Dixon with great pleasure and  
20 wished he had not stopped as suddenly as he did  
21 on this occasion. I did not think he would  
22 resent this because he said something rather  
23 different from what was said by Dr. Solomon and  
24 other witnesses for the West. Mr. Dixon did not  
25 say to reserve the coasting trade to Canada would  
26 cut down British purchases of wheat, he said it  
27 might. Of course, Mr. Dixon was perfectly right  
28 because it might do so, but in effect, it will not.

29 I am not going to bother you with figures  
30





1  
2 out of Exhibits 97 and 98 because Professor Kemp  
3 is much more competent than I am to take the  
4 Commission through the figures if they wish it.  
5 If the Commission would like to go outside its staff  
6 I know of nobody more qualified than the head of  
7 the Research Department of the Bank of Canada to  
8 which they might refer.

9 I will try to present the picture with  
10 regard to the exchange relationship of Britain.

11 It has been pointed out by a number of  
12 witnesses that as far as trade is concerned  
13 Britain has for 65 years had a dollar deficit  
14 with Canada, but yet Britain has not been going  
15 into debt with Canada for these 65 years, and  
16 during a substantial part of that 65 years she  
17 actually has been investing money in Canada, far  
18 more than the total sales to Canada and there is  
19 no particular mystery about how this was done.

20 The difficulty comes from the fact we go  
21 to these statistical records which are about as  
22 obscure as the science of electronics, and foreign  
23 exchange transactions are really, I suggest,  
24 the electronic impulses of modern industrial  
25 economy, but behind all these figures here is  
26 the situation in Britain as it is and was and in  
27 which I hope Britain will remain for a long time  
28 despite the efforts of Joseph Stalin's successors.

29 I am afraid I will have to over-simplify  
30







1 some part of this but one cannot talk about the  
2 situation without doing some. Subject to qualifica-  
3 tion, and this is over-simplification, I would like  
4 to put before you the situation in regard to  
5 quadrilateral trade. She trades on a great scale  
6 and did trade on a greater scale with the Middle  
7 and Far East. She trades on a great scale with  
8 Canada and with the United States. In the settlement  
9 of Britain's balances, and this is true both of the  
10 long period of exchange control which succeeded  
11 but  
12 the war, /which may soon end, and to the time when  
13 foreign exchange movements were free, there is no  
14 essential change in the nature of the relationship  
15 because the maximum has been interfered with.  
16 The situation has been for a long time that she  
17 had to part with sterling, she paid with sterling  
18 for tin from Malaya, jute from Bengal and a dozen  
19 to twenty staple products of the Far East which  
20 are needed by all civilized people and needed in  
21 very great quantities in North America because in  
22 North America we consume about half the total  
23 consumption of goods in the free world. It is  
24 a fact that Canadians and our neighbours down  
25 south consume nearly as much as the rest of the  
26 free world together. When Britain buys these  
27 products with assets which she has obtained by  
28 selling her own goods in the Middle and Far East,  
29 she is in a position to take some part of these  
30 products and sell them in Canada or the United





1 States and procure dollars, and having procured these  
2 dollars she can use them as she pleases. But for  
3 the existence of this quadrilateral system of  
4 exchange, which I have over-simplified, Britain could  
5 never have done what she has done in the past 65  
6 years, and meet her trading deficits in her  
7 relationships with North America.

8 Now, the situation has changed in some other  
9 respects too. Britain is dependent on Canada for  
10 some products which she did not need from Canada  
11 in the "palmy days". She used to sell a lot of  
12 coal to Canada besides accounting for dollars by  
13 the indirect operation of her coasting activities  
14 in the quadrilateral system. Now Britain can no  
15 longer produce enough coal from her own coal mines  
16 for the needs of the British people. Whether she  
17 can by following a different policy is no business  
18 of ours, but instead of being the greatest coal  
19 exporter in the world, she has become a coal  
20 importer and is importing coal from Canada and  
21 DOSCO.

22 Now, with that in mind, you cannot spend  
23 dollars and have dollars, you cannot spend a dollar  
24 twice any more than you can eat the same piece of  
25 pie twice, and if you are going to spend dollars  
26 on coal you cannot spend dollars on wheat.  
27 Nevertheless, the truth remains Britain has not  
28 and never has spent <sup>up to</sup> the limit of her purchases  
29 <sup>because</sup> from Canada/of her inability to sell goods to Canada.  
30





1 For the record, sir, I should add that  
2 Britain's investment income in dollars, which I  
3 have not mentioned, was part of the stream of dollars  
4 which reflected the trading deficit with Canada.

5 So, sir, I do not think, though we love  
6 Britain, the plea that we must not restrict the  
7 coasting trade because dollars are needed for  
8 Britain holds very much water.

9 I suggested to you this morning that Britain  
10 needs Canada's shipyards. She has found herself  
11 in a desperate position twice in the century and  
12 will very likely a third time, because her own  
13 shipyards may be crippled for the third time the  
14 same as her Merchant Marine was sunk wholesale,  
15 and she must turn to us and the United States'  
16 shipyards.

17 That is a real need and <sup>is</sup> necessary for our  
18 survival, and something which we must contemplate.

19 Therefore, the claim that we must not restrict  
20 the coasting trade because of dollars for Britain  
21 does not possibly hold water.

22 Now, sir, one last word. Necessarily in  
23 these arguments things are picked up and looked  
24 at one at a time, industries are picked up one  
25 at a time, provinces one at a time. I said  
26 earlier today it seemed to me somebody must  
27 think for Canada, and among the people who must  
28 think for Canada now are the three members of  
29 this Commission despite what may be said about  
30







1 sectional interests before you.

2 I would like, in closing, to invite the members  
3 of the Commission to contemplate Canada, not quite as  
4 it has been contemplated by some of the people to  
5 whom the Commission has listened.

6 I suggest that <sup>in</sup> this tremendous adventure in  
7 which we are engaged in Canada, the opening up of  
8 the natural resources of the Continent, and living  
9 with 43 neighbours in this chain of alliances, in  
10 which we are trying to make possible the survival  
11 of all of us, we are not a series of little work  
12 forces here and a little work force there. We are  
13 a team five and one-half millions of people, and  
14 as I roam about this country, I feel like a member  
15 of this team when I see these persons doing these  
16 marvelous things.

17  
18 COMMISSIONER WICKWIRE: Which part of the  
19 country are you talking about? Which part is the  
20 five and one-half millions?

21 PROF. JACKSON: I am speaking of the working  
22 force of Canadian economy.

23 THE CHAIRMAN: Some housewives might disagree  
24 with you; they might wish to be included.

25 PROF. JACKSON: The Dominion Bureau of  
26 Statistics fortunately has made up its statistics  
27 so one can quite easily add in the housewives,  
28 and if that makes seven million, I will talk to  
29 you about seven million quite cheerfully, which  
30





1 constitutes the most wonderful team in the entire  
2 world. This seven million has the task of opening  
3 up the Continent, and we want to think about the  
4 efficiency of the team as a team.

5 Much has been said about the system of  
6 transportation, which is part of the tremendously  
7 intricate system of economy which begins with ore  
8 in the ground and our other resources and ends with  
9 a variety of finished products delivered to the  
10 ultimate consumer. Transportation is just one part  
11 of the tremendously complex economy, and it is  
12 true to say that the efficiency of all seven millions  
13 depends upon the efficiency of all the members of  
14 that seven millions.

15 Now, evidence has been put into discussions  
16 of our coasting trade, of the means we have to carry on  
17 that trade, as a result of which I think now the  
18 Commission, which has seen so much with its own eyes,  
19 can visualize most of the operations which have to  
20 be set in motion so we can carry these millions of  
21 tons of goods by water.

22 Mr. Lowery has talked most vividly about this  
23 in earlier sessions. They know the need, the  
24 necessity of getting away millions of bushels  
25 of grain, prolonging the season of navigation as  
26 long as possible, not merely in the grain trade,  
27 but other trades. They see the need for speed,  
28 speed for even one day.

29 Last summer I went to Hamilton to the  
30





1 Thunder Bay dock at Steelco, and I drove up to the  
2 dockside and here the Thunder Bay was not yet tied  
3 up, but was unloading fast. I was at the dock and  
4 on the ship before she was tied up; I had lunch  
5 on the ship, and when I came off the ship she was  
6 far more than half unloaded. I went down to the  
7 Welland Canal and when I came back as far as I  
8 remember she had gone off again to bring back another  
9 cargo.

10 Now, the speed of any industrial operation  
11 in this country is limited by the efficiency of the  
12 transportation system and many of us realize it is  
13 good business, if necessary, to pay a little more  
14 for service and be through rather than to cheese  
15 pare here and there to save a dollar and perhaps  
16 lose more than the dollar we save.

17 Can I take a homely example from the  
18 automotive industry? These factories, General  
19 Motors, Ford and Chrysler obviously can put cars  
20 on the market more cheaply than they do. The  
21 reason they do not put these cheap cars on the  
22 market is because people would not buy cars if  
23 cars of that kind were put on the market. The  
24 car the public demands is a package of service.  
25 It demands a car which will do certain things,  
26 have a certain appearance, and I do not own a car,  
27 so I do not want to dogmatize about it, but it  
28 may be a car which will impress the family next  
29 door, and which can be serviced anywhere in North  
30







1 America or Europe.

2 We buy cars much more costly in terms of  
3 dollars than we need to buy because instead of making  
4 a fetish of cheapness we say, "This car is a  
5 package of service", and insist this car give us  
6 service that we need and we would rather pay more  
7 and get a full package of service.

8 In my view some of the people who have  
9 appeared before this Commission have made a fetish  
10 of cheapness and have failed to realize that  
11 industry and the nation, when buying any essential  
12 service in the economy should buy a package of  
13 service, and have failed to recognize further that  
14 the equipment which is going to serve the economy  
15 and enable the economy to move at this fast rhythm,  
16 is equipment which must be replaced, and which must  
17 expand, and whose replacement and expansion must  
18 be paid for.

19 I come back for a moment and then I am done,  
20 to the claim in the West that the deepening of the  
21 canals without reservation to the coastal trade will  
22 be a good thing because it will compel the  
23 Canadian coastal shippers to carry grain with  
24 no profit to themselves. That claim, in the light  
25 of the fact that the ships must be replaced,  
26 that the tonnage of shipping on the Great Lakes,  
27 must somehow be increased with the course of time,  
28 means money must be found for that purpose, and most  
29 of the money now for this purpose comes from profits  
30





1 ploughed back. That claim is implicitly a claim  
2 that the Canadian industries other than agriculture  
3 should bear the cost of renewing and expanding the  
4 coasting fleet of Canada, and that a relatively  
5 small minority of Canadians who are in the business  
6 of growing or dealing in grain should be given a  
7 free ride at the cost of everyone else who needs  
8 any kind of transportation but the shipment of  
9 grain.

10 For the third time, my sincere apologies.  
11 I think if I were younger, I should be more brief,  
12 and I thank you for the privilege of letting me  
13 cover this ground.

14 ---A short recess.  
15  
16

17 (Page 5845 follows)  
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